



21 Close Way, Kalgoorlie WA 6430
PO Box 1280, Kalgoorlie WA 6430

Phone 618 9091 9253
Facsimile 618 9091 9256
Email heron@emerge.net.au
Website <http://heronresources.com.au>

30 April 2001

The Company Announcement Officer
Australian Stock Exchange Limited
Post Office Box H224 - Australia Square
SYDNEY NSW 2000

Dear Sir / Madam

HERON RESOURCES LIMITED, QUARTERLY REPORT, PERIOD ENDING 31 MARCH 2001

QUARTER HIGHLIGHTS AND SUMMARY

- *Regional Native Title Agreements have been signed, and the first of three key Mining Leases at Goongarrie has been granted. Notices of Intent to Commence Mining are in preparation.*
- *At Goongarrie South, RC drilling of mineralised zones re-commenced on a 20x20m pattern, to facilitate designs for three Stage I pits. Accordingly, the **Goongarrie Project resource is now being upgraded to the Measured Mineral Resource category**, as required for mining. At a 1.5% Ni cut-off within the **Pamela Jean Zone**, there is a high level of confidence in ore continuity over horizontal widths exceeding 60m and vertical thickness of 8-29m. This ore style displays outstanding homogeneity, with product specifications uniformly exceeding 1.5% Ni, 0.1% Co and 40% FeO, with most importantly less than 0.5% MgO. This is a **premium Nickel Laterite Ore, able to improve the metallurgical performance of Nickel Laterite Pressure Acid Leach plants.***
- *At the **Pamela Jean Zone**, results are currently available for only the first four holes drilled. Intercepts at a 0.75% Ni cut-off include:*

GSRC898	45m at 1.33% Ni and 0.23% Co from 61m
GSRC901	68m at 1.15% Ni and 0.07% Co from 29m
- *A Scoping Study has commenced for a joint venture evaluation involving the production of ferro-nickel from the High Grade Saprolite Ore that underlies Heron's Limonite Ore.*
- *During February 2001, the Company raised \$2.8 million through a placement to institutions of 10 million shares at \$0.28. The funds are mainly required for on-going Goongarrie drill evaluation. **Current cash at bank is \$4.1 million, ensuring exploration programs continue to be well funded.***
- *The rationalisation of the Western Australian Nickel Laterite industry is on-going, with the appointment of Administrators and Receiver/Managers to Centaur Nickel Pty Ltd ("Centaur") and Centaur Mining & Exploration Limited ("CME").*

As a result of the occurrence of an Insolvency Event in relation to Centaur and CME, Heron has served a Notice of Termination in respect of the Strategic Alliance Agreement.

1. SUMMARY

Cawse Ore Supply Studies

- As at 31 March 2001, the total undiluted **Inferred and Indicated Mineral Resource** at a 0.75% Ni cut-off is **180 million tonne at 1.05% Ni and 0.08% Co**.

Heron's total **Inferred and Indicated Mineral Resource** above a 0.5% Ni cut-off is **406 million tonne at 0.8% Ni and 0.06% Co**. Substantial additional resource potential exists on tenements awaiting grant.

- Work by Heron is now focussed on advancing Heron's ore supply to the Cawse plant:**
 - Reverse Circulation drilling for the Quarter amounted to 113 holes drilled at the Goongarrie South, Goongarrie Hill and Ghost Rocks Prospects for an advance of 3,648 metres. Heron's total drilling for the Goongarrie, Ghost Rocks and Kalpini Projects is now 84,997m.
 - Metallurgical testing of 14 composites of Diamond Drill core has been completed with excellent results (Siliceous Ore 29-84% upgrade and 204-305kg/t acid consumption, Limonite Ore 0-48% upgrade and 204-343kg/t acid consumption).
 - Flora, fauna, ethnographic and archaeological surveys have been completed and compiled into Notices of Intent to Commence Mining ("NOI"). A Consultant has been appointed to coordinate.
 - Hydrological monitoring bores were established to quantify future pit ground water conditions.
 - A substantial area of future infrastructure sites was acquired to the immediate west of Goongarrie. Heron now has contiguous tenement coverage from Goongarrie southwest to the Cawse plant site.

Non-nickel Joint Ventures

- A Joint Venture agreement was finalised with Mount Burgess Mining NL at Lawrence Find. Previous joint ventures with Golden State and Kundana Gold have ended.
- Gold joint venture negotiations are being finalised for the Kurnalpi and Blister Dam Projects.

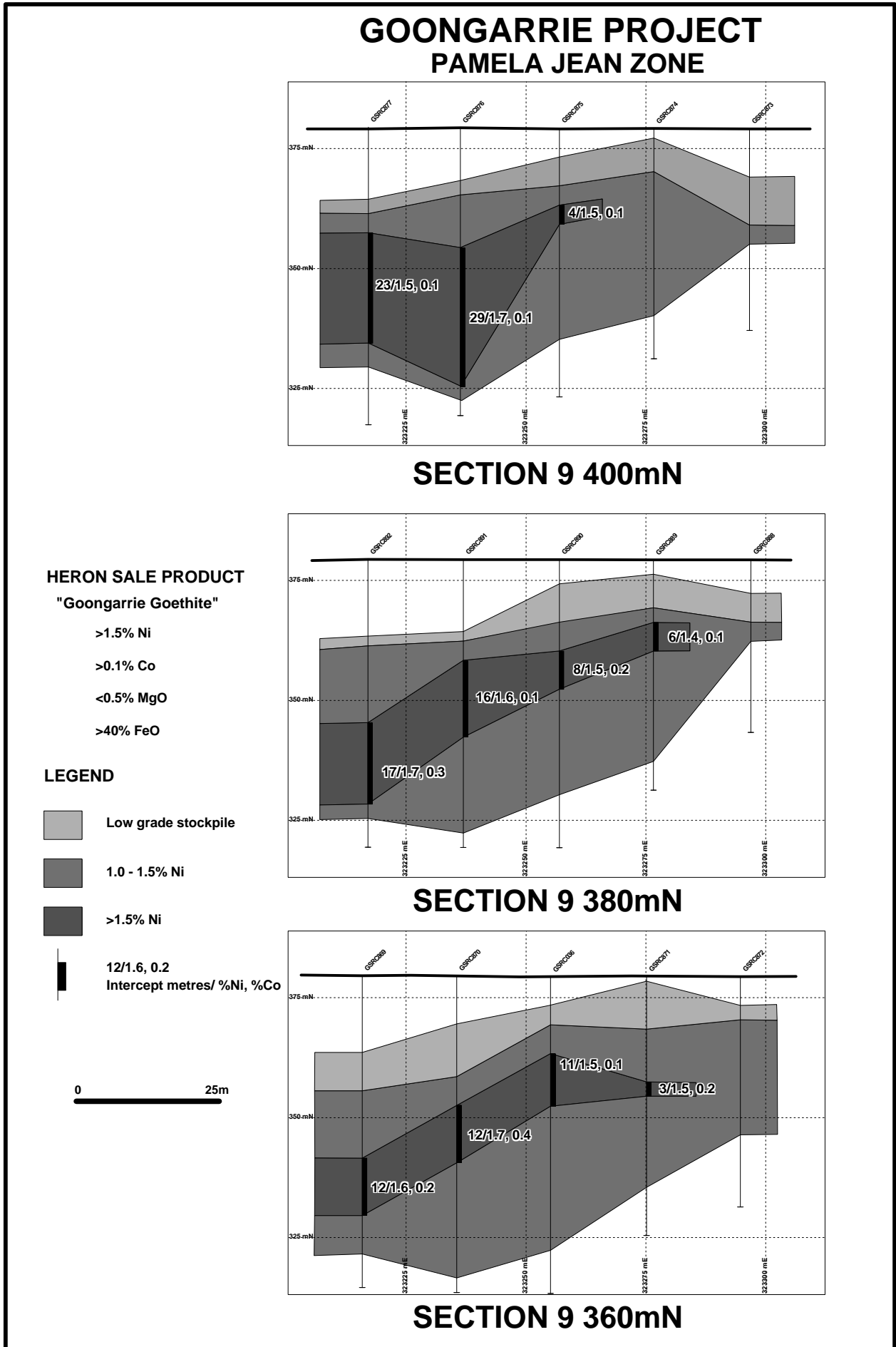
Corporate

- Heron Resources Limited ("Heron") was advised on 14 March 2001 that its Strategic Alliance partners, Centaur and CME had appointed Administrators, and that the Cawse Bondholders had subsequently appointed Receiver/Managers. Heron is entitled to terminate the Strategic Alliance Agreement ("SAA") as a result of the occurrence of an Insolvency Event on 90 days written notice.

On 30 April 2001, Heron served a Notice of Termination on the Centaur and CME Administrators and Receiver/Managers to terminate the SAA. Under the terms of the SAA, Centaur had the right to complete a Bankable Feasibility Study ("BFS") on or before 19 August 2001 in order to secure toll milling entitlements in relation to Heron's Goongarrie, Ghost Rocks and Kalpini Projects. It has been confirmed that Centaur does not have the capability to complete the BFS in the manner contemplated by the SAA.

- Heron had completed its expenditure commitment of \$3 million pursuant to the SAA now the subject of the termination.
- Heron has initiated legal action against Anaconda Nickel Limited to remove caveats lodged over Heron tenements. Anaconda has no caveatable interest in any Heron assets.
- In terms of asset optimisation and shareholder returns, Heron has during the March 2001 Quarter continued low cost pegging of new Nickel Laterite targets, and farm out of non-nickel projects. Joint Ventures are structured such that Heron aims to be free carried to a Decision to Mine, and retains the nickel rights.

Figure 1 Goongarrie South Drill Sections, 1.5% Ni cut-off.



2. EXPLORATION REVIEW

2.1 CAWSE STAGE II STRATEGIC ALLIANCE (NOTICE OF TERMINATION SERVED)

Drilling programs were completed at Goongarrie Hill and re-commenced at Goongarrie South. Drilling was designed to upgrade the Mineral Resource status from Inferred to Indicated and Measured. Reconnaissance drilling was completed at Ghost Rocks.

Drilling Program and Project Development

In-fill Resource Definition drilling on a 20x20m pattern has commenced at Goongarrie South, to facilitate pit designs over three areas of High Grade ore (+1.5% Ni and 0.1% Co Limonite Ore). Although only initial assay data is to hand, from visual ore identification, it is apparent that the **Pamela Jean Zone** is developing into a 2,000x200m N-S zone of continuous and substantial Medium to High Grade mineralisation (+1% Ni).

Specifically, the in-fill drilling has identified a linear Eastern Contact Zone with exceptionally thick Limonite Ore occurrences, with recent drilling confirming ore depths consistently exceeding 80 metres vertical depth. This depth of premium ore is simply not documented elsewhere in the Eastern Goldfields.

The Pamela Jean Zone is expected to be the basis of Heron's long-term cost-competitiveness in the Eastern Goldfields Nickel Laterite industry.

2.1.1 Goongarrie Nickel Project

Heron 100%.
Nickel (-gold).

Goongarrie South Prospect

Reverse Circulation Drilling

During the Quarter, drilling commenced targeting selected zones of High Grade ore at the Pamela Jean Zone. Target areas encompass contiguous intercepts of greater than 1.5% Ni.

In-fill drill holes completed to date have encountered and extended the structurally controlled Eastern Contact Zone, with development of extreme weathering depths. The Zone was commonly straddled by previous drilling on the 80x80m spacing, so its lateral continuity was not apparent.

Table 1 GOONGARRIE SOUTH PROSPECT RC Drilling Significant Interceptions, 0.75% Ni Cut-Off									
Hole Number	North m	East m	From m	To m	Interval m	Ni %	Co %	Ni4Co %	Ni4Co M%
GSRC898	69,680	3,140	42	49	7	0.79	0.014	0.85	5.92
			61	106	45	1.33	0.225	2.22	100.28
GSRC900	69,640	3,220	24	32	8	0.88	0.101	1.28	10.27
GSRC901	69,640	3,180	29	97	68	1.15	0.073	1.44	98.06
GSRC903	69,640	3,100	28	34*	6	0.89	0.026	0.99	5.96

* Hole abandoned in ore. Hole successfully redrilled – assay results awaited.

Goongarrie Hill Prospect

Reverse Circulation Drilling

During the Quarter, 26 drill holes (GWRC182 to 207) were completed for a total advance of 993 metres. The drilling closed off low grade ore positions along the ore body western margin.

Table 2 GOONGARRIE HILL PROSPECT RC Drilling Significant Interceptions, 0.75% Ni Cut-Off									
Hole Number	North m	East m	From m	To m	Interval m	Ni %	Co %	Ni4Co %	Ni4Co M%
GWRC183	76,958	1,175	14	20	6	0.98	0.106	1.40	8.39
GWRC186	77,358	1,175	15	21	6	0.89	0.175	1.59	9.52
			24	31	7	0.88	0.068	1.15	8.06
GWRC187	77,358	1,095	11	15	4	0.96	0.239	1.91	7.65
GWRC195	78,158	1,015	10	15	5	0.96	0.045	1.14	5.72
GWRC199	79,358	1,095	11	16	5	0.84	0.024	0.93	4.66

Drilling confirmed laterally continuous, low strip ratio intercepts of siliceous nickel and cobalt mineralisation similar to the “Run-of-Mine” ore at Cawse Nickel Operations.

2.1.2 Ghost Rocks Nickel Project

Heron 100%.
Nickel (-gold).

During the Quarter, 81 drill holes (GRRC093 to 173) were completed for a total advance of 2,299 metres.

Ghost Rocks ore styles are generally siliceous and thus beneficiate when screened. Goongarrie South style Limonite Ore is also recorded.

Table 3 GHOST ROCKS PROSPECT RC Drilling Significant Interceptions, 0.75% Ni Cut-Off									
Hole Number	North m	East m	From m	To m	Interval m	Ni %	Co %	Ni4Co %	Ni4Co M%
GRRC145	31,758	3,095	2	14	12	1.01	0.071	1.30	15.57
GRRC158	30,958	3,495	16	20	4	1.33	0.083	1.66	6.63
GRRC166	30,158	4,375	4	12	8	1.30	0.089	1.65	13.22
GRRC168	30,158	4,215	8	16	8	1.12	0.127	1.63	13.02
			22	28	6	1.00	0.048	1.19	7.13

2.1.3 Kalpini Nickel Project

Heron 100%.
Nickel (-gold).

Metallurgical evaluation of Saprolite Ore was commenced. Discussions continue with parties interested in the Nickel Sulphide and gold potential of the Kalpini tenement package.

2.2 SCOTIA KANOWNA PROVINCE

2.2.1 Scotia Kanowna Project

Heron 100%.
Nickel (- gold).

Goongarrie South and Goongarrie West Gold Prospects

The Goongarrie South gold zone is 2,500x160m at a 0.1g/t cut-off. Farm-out discussions are current, to follow up the saprolite gold targets generated in Heron's drilling. The granite mineralised setting is entirely comparable to the Tarmoola gold mine north of Leonora.

Additional ground has been pegged to the immediate west at the Goongarrie West Prospect. As well as being prospective for granitoid-hosted gold, the area is a strategic future infrastructure site. Heron now has contiguous tenement coverage from Goongarrie to Cawse to Siberia.

2.2.2 Kurnalpi Nickel Project

Heron 100%.
Nickel (- gold).

Acra Prospect

The Acra Prospect adjoins the southern extremity of the Kalpini Nickel Project. Previous drilling has confirmed komatiite units are prospective for Nickel Sulphide mineralisation, with recorded sulphide occurrences at Acra and at Binti Binti.

Heron is continuing to negotiate the farm out of Acra and surrounding tenements to explore for Nickel Sulphide and gold. A review of existing ground EM survey data has shown that, while high quality, areas of the prospective basal contact were not covered and an infill survey has been designed.

In addition, high grade supergene gold targets have been identified by Heron through review of previous exploration data. The previous drill intercepts include single metres at 43-85g/t Au.

2.2.3 Menzies East Project

Heron 100%.
Gold (-nickel).

Golden State has withdrawn from the joint venture. Heron is assessing future exploration priorities.

2.2.4 Gindalbie Terrain Joint Venture Project

Heron 100%, Delta Gold Limited right to earn 70% in gold.
Heron retains 100% of all nickel rights.

Delta has elected to exercise its farm-in option, and has completed a 375 sample Vacuum soil program on an 800x100m pattern, to target the northern extension of Mulgarrie East gold mine structure.

A 40ppb gold anomaly was identified. Heron also assayed samples for base metals. Ultramafic rocks are clearly identified by elevated nickel-chrome-copper values. Further auger soil sampling is planned for the June 2001 Quarter.

Previous Heron Aircore holes were re-sampled for gold, with results awaited.

2.3 EMU FAULT PROJECT

2.3.1 Kurnalpi Gold and Nickel Sulphide Joint Venture Project

Heron 100%. WMC right to earn 80% in Gold and Nickel Sulphide.
Heron retains all Nickel Laterite rights.

Heron and WMC have executed a Heads of Agreement to explore for Nickel Sulphide and gold as part of an Eastern Goldfields drive by WMC to generate new large projects. The project area covers 260km² with an excellent Emu-Avoca Fault structural association and areas of historical gold mining activity.

2.3.2 Transline Joint Venture Project

Heron 100%. New Hampton Goldfields Limited (taken over by Harmony Gold) right to earn 80%.
Gold (-nickel).

The Transline project covers highly anomalous +50ppb gold in soil targets associated with the gold mine-hosting GMQ Shear Zone. New Hampton operates a CIP plant at Jubilee, located 50km WSW of Transline, so potential exists for an expeditious cash flow from any gold discovery.

2.4 KEITH KILKENNY PROVINCE

2.4.1 Kookynie Project

Heron 100%.
Nickel (-gold).

The project area is on the western margin of the Keith Kilkenny Tectonic Zone, adjoining the Apollo Hill gold mining centre. The Carasue gold mining centre occurs some 100km south within a comparable structural setting of the rift margin.

A gold joint venture proposal is being assessed, as part of a major Keith Kilkenny gold project targeting Carasue-style structural settings.

2.4.2 Edjudina Nickel Project

Heron 100%.
Nickel (-gold).

The Edjudina Nickel Laterite targets contribute to the resource inventory of a Keith Kilkenny Nickel Laterite Project. Resources include Heron's Lake Rebecca, Aubils and Monk Well Prospects.

Field mapping was done at the **Friday Well** and **Monks Well Prospects** following interpretation of aeromagnetic data. Ultramafic lithologies containing Nickel Laterite targets were confirmed and drill sites selected. In addition, promising Nickel Sulphide geological settings were identified.

2.4.3 Edjudina-Laverton Joint Venture Project

Heron 100%. Croesus Mining NL right to earn 80% in gold projects only.

Heron retains 100% of all nickel rights.

Gold.

RAB and Aircore drilling for the Quarter totaled 70 holes for 3,659 metres at Mount Boyce North and Outcamp Bore.

Drilling at **Mount Boyce North Prospect** encountered ultramafic and mafic volcanics and intrusives at the northern margin of the Menangina Batholith. The easterly succession includes sediments and volcanoclastic rocks. Brittle and ductile textures were recognised with moderate sericite-chlorite-silica-carbonate alteration. Subtle haematite staining, particularly in the gabbroic rocks, was also recognised.

The **Outcamp Bore Prospect** drilling targeted the eastern contact of the Yarri Monzogranite and mafic volcanics. Drilling encountered 20-80m of transported cover, although only one hole did not successfully reach bedrock. A shear zone setting characterised by quartz veining in felsic volcanics was recorded. No significant gold results were returned. A favourable VMS geological setting was recognised.

2.4.4 Southern Laverton Tectonic Zone Joint Venture Project

Heron 100%. Gutnick Resources NL right to earn 80%.

Heron retains 100% of all nickel rights.

Gold.

The Southern Laverton Tectonic Zone Project is located approximately 150km NE of Kalgoorlie, extending from the Anglo-Saxon gold mines (170,000oz) to Red October (340,000oz). The Laverton Tectonic Zone Gold Province, which also hosts the Granny Smith, Sunrise and Wallaby mines, has a total published resource base that exceeds 22 million ounces of gold.

A drill program has been designed to test the **Yundamindera Flash** anomaly, generated by the recent auger and surface soil sampling programs. This target is defined by a threshold value of 15ppb Au against a background of <4ppb. Significant soil spikes consistent with near surface gold development are present, with **peak values to 290,000ppb (290g/t) and 3,970ppb (3.97g/t)**.

Heron has agreed with Gutnick Resources to the potential assignment of the Joint Venture.

2.4.5 Mulgabbie Nickel Project

Heron 100%.

Nickel (-gold).

Drill hole collars have been surveyed ahead of drilling at the Lake Rebecca Nickel Laterite deposit. The drilling has been postponed due to ongoing wet ground conditions marginal to Lake Rebecca.

Advanced discussions are current and previous metallurgical work has been assessed indicating Sapolite Ore at Lake Rebecca may be suited to smelter ferro-nickel production. The ore chemistry is comparable to Nickel Sapolite Ores being smelted in the Pacific Rim region.

2.4.6 Karonie South Joint Venture Project

Heron 100%. WMC right to earn 80%.
Gold (- nickel - base metals).

Additional tenements have been offered to WMC for inclusion in the Joint Venture. WMC is continuing to compile a comprehensive data-set to permit targeting for gold and base metals. Data collected includes detailed aeromagnetic and gravity survey interpretations, and soil geochemistry. Base data collection is now complete and results are being compiled and drill targets generated.

During the Quarter a further 3,200 soil samples were taken in areas of skeletal soils and colluvium to infill and expand on earlier soil geochemistry. The entire project now has broad spaced soil geochemistry coverage. A detailed aeromagnetic survey was also flown covering the entire project.

One standout anomaly has been indicated where a wide spaced soil geochemical anomaly is coincident with a magnetic dolerite unit.

2.5 MUNGARI PROVINCE

2.5.1 Mungari Northwest Platinum Project

Heron 100%.
Platinum (- gold).

Kundana Gold has withdrawn from the Mungari joint venture.

Open file literature reviews and regional studies by Heron have generated a Platinum Group Metal ("PGM") target associated with fractionated basal layers of the Powder Sill gabbro. Platinum in soils has a well defined anomaly, peaking at 41ppb Pt with coincident 16ppb Pd.

2.6 LEONORA LAVERTON PROVINCE

2.6.1 Laverton Nickel Project

Heron 100%. Another entity has rights to gold.
Nickel.

Merolia and Mineral Patch Hill Prospects

Heron commenced a stratigraphic RC drilling program at Merolia and Mineral Patch Hill.

During the Quarter, 8 stratigraphic drill holes were completed on a 1280x320m pattern for a total advance of 533 metres (MPRC001 to 008). Holes were designed to quantify the ultramafic bedrock lithology. Nickel Laterite was intersected, grading up to 1.13% Ni and 0.08% Co in Limonite Ore intervals, boding well for future resource potential. The dominant ore style is Siliceous Upgrade.

Mineral Patch Hill is immediately northwest along strike of the Cogia Well Nickel Laterite deposit, with Merolia sinistrally displaced further northwest some 40km. Detailed aeromagnetic interpretations indicated olivine adcumulate ultramafic targets, which has now been confirmed in Heron's reconnaissance drilling. Resource potential inferred from this recent drilling is some 10 million tonne exceeding 0.75% Ni. A substantial resource target is indicated, which will require systematic drill follow up.

Results to date include:

Table 4									
MEROLIA-MINERAL PATCH HILL PROSPECTS									
RC Drilling Significant Interceptions, 0.75% Ni Cut-Off									
Hole Number	North m	East m	From m	To m	Interval m	Ni %	Co %	Ni4Co %	Ni4Co M%
MPRC003	90,800	8,940	63	70	7	0.82	0.028	0.93	6.54
MPRC007	89,520	8,140	66	72	6	0.89	0.078	1.20	7.20

Mount Perseverance Prospect

An aeromagnetic target is located at the southern project boundary overlain by alluvial sheetwash. Sparse subcrop includes komatiite with silica cap. Reconnaissance MMI soil sampling was attempted unsuccessfully, due to wet ground conditions precluding sample collection.

Data compilation has identified a Nickel Laterite profile, with RAB intercepts in previous drilling up to 8m at 1.2% Ni. Gold targets are also present, although thick alluvial cover can be expected.

2.6.2 Laverton Joint Venture Project

Heron 100%. Metex Resources NL right to earn 70%.

Gold (-nickel).

Metex intends assigning these tenements to another joint venture mining entity within the district. Heron has also considered the exchange of this predominantly gold project for nickel targets in the Keith Kilkenny region.

2.6.3 Mount Morgans Joint Venture Project

Heron 30%. Metex Resources NL has earned 70%.

Gold (-nickel).

Metex has earned a 70% interest through expenditure. Heron has elected to be free carried at 20%.

2.6.4 Victory Joint Venture Project

Heron 100%. WMC right to earn 80%.

Gold (-nickel).

A farm-in Heads of Agreement has been concluded on this project with WMC Exploration Limited. The exploration target is Nickel Sulphide, and gold along strike from the developing Thunderbox gold discovery.

Detailed data compilation has commenced, with field checking to validate target styles.

2.7 ILLAARA PROVINCE

2.7.1 Lawrence Find Joint Venture Project

Heron 100%. Mount Burgess Mining NL right to earn 70%.

Gold (-copper - zinc - nickel - sulphur - platinum).

Heron retains Nickel Laterite rights

The Ilaara Greenstone Belt comprises a sequence of tholeiitic basalts separated by a central corridor of felsic to intermediate volcanics and is considered prospective for the discovery of volcanogenic massive sulphide (“VMS”) base metal deposits and structurally controlled gold deposits.

Exploration by previous explorers on the joint venture tenements has largely focused on the central acid volcanic portion of the project area. Several soil gold anomalies have been outlined which require further investigation. An outcropping gossan with elevated base metal values has been mapped over a strike length of 1km with only limited drill testing.

Since the establishment of the joint venture, work completed includes a review of previous exploration, the acquisition of aeromagnetic and Landsat 7 data, field reconnaissance, rock chip sampling and re-sampling of holes drilled by previous explorers. Significant sample results are listed in the accompanying table.

Hole Number	North m	East m	Sample Type	Au ppb	Cu ppm	Pb ppm	Zn ppm
PX04	42,994	8,913	gossanous quartz vein	<1	1120	<1	15
PX05	43,000	8,806	massive gossan	11.5	220	11	33
PX17	28,758	4,000	gossanous quartz blow	7.5	869	154	475
PX21	28,778	3,837	vein quartz	4.5	17	7	10
PX22	28,796	3,831	gossanous quartz	92	149	383	169

A soil sampling program is current, and aeromagnetic and Landsat data is being interpreted to generate further targets which will be tested with soil geochemistry and RAB drilling.

2.8 IDA FAULT PROVINCE

2.8.1 Snake Hill Joint Venture Project

Heron 100%. Barra Resources Limited right to earn 70%.

Gold (-nickel).

Barra Resources Limited has taken over management of this project. Mining Lease conversion has been completed.

2.8.2 Frances Lesley Project

Heron 100%. Another entity has rights to gold.
Nickel.

The Frances Lesley project area covers komatiites that occur within the Coolgardie Domain, a graben bounded by the Ida Fault and Kunanalling Shear Zone to the west and the Zuleika Shear Zone to the east. Prospective pyritic black shales are associated with the komatiite horizons.

Heron is negotiating with a Nickel Sulphide producer to form a joint venture to explore for Nickel Sulphide at Frances Lesley and at other Ida Fault Province tenements.

Additional tenements covering favourable Nickel Laterite and sulphide targets were pegged during the Quarter.

2.8.3 Blister Dam Project

Heron 100%.
Gold (-nickel).

Heron is finalising terms with a potential Joint Venture partner to farm into the Blister Dam Project, which provides access to the Zuleika Shear gold province. The Zuleika Shear hosts mineralisation to the south at Kundana, including the recently discovered Raleigh deposit.

Heron will retain nickel rights. Historical drill intercepts include 5m at 0.92% Ni.

2.8.4 Widgiemooltha Project

Heron 100%.
Nickel (-gold).

An advanced stage Nickel Sulphide target has been generated at the **Pioneer Project**. Field checking has been carried out and a ground EM survey designed for drill targeting.

Detailed regional aeromagnetic coverage has been acquired, to identify the probable southern strike continuation of the Mariners Nickel Mine ore-hosting komatiite sequence.

2.9 KAMBALDA DOMAIN PROVINCE

2.9.1 Binduli East Joint Venture Project

Heron 100%. AngloGold Australasia Limited has the right to earn 75%.
Gold (-nickel).

Infill auger soil sampling has been taken to better define geochemical anomalies, with a further 861 samples taken on a 200x50m grid. Results have substantiated five broad anomalous zones with values above 50ppb Au.

Mining Lease conversions have been completed.

2.10 SOUTHERN CROSS PROVINCE

2.10.1 Bungalbin Iron Ore Royalty Project

Heron 100%. Portman Limited right to acquire Iron Ore rights through providing Heron an Iron Ore Production Royalty.

Heron retains all other mineral rights, notably gold-nickel.

The target ore type at Bungalbin is low-phosphorous Iron Ore. Following geological reinterpretation, there is scope to greatly increase the Iron Ore resources. Portman has approached Heron to have further Iron Ore tenements within the Bungalbin area included in the Royalty Project.

At the **Mt Jackson J4 deposit**, 12 wide spaced drill holes were completed for 1,400 metres to evaluate the extent and quality of this deposit. Mineralisation intersected was predominantly limonite-goethite yielding a grade of 57.2% Fe using a 55% lower cutoff. A resource model is currently being prepared.

Potential detrital iron ore deposits on the east flank of the Eastern Deposit at **Bungalbin** were geologically mapped to allow final planning of the location of costeans.

2.11 BREMER-EUCLA PALAEO-DRAINAGE PROVINCE

2.11.1 Balladonia and Ravensthorpe-Norsemen Oil Shale Projects

Heron 100%.

Oil shale-sulphur-limestone.

The 5,505km² Balladonia and Ravensthorpe-Norseman project areas are located 200km S of Kalgoorlie. There are indications of substantial oil shale and lignite resources, exceeding 1.5 billion tonne at an indicative oil yield of 95 l/t. Heron is considering a draft Memorandum of Understanding that proposes a range of development options, involving the joint production of syncrudes, electricity, sulphuric acid, and provides consideration for nickel off-take and stainless and tool steel production.

2.12 FRASER RANGE PROVINCE

2.12.1 Fraser Range Project

Heron 100%

Nickel-copper-PGM-gold.

A research project was completed by Heron for the Albany-Fraser Province which aimed to identify Voisey's Bay style nickel-copper sulphide targets (comparable to the WMC West Musgrave discovery). Elevated Cu, Ni, Co, Cr, Au and Pd soil geochemical targets have been identified in association with interpreted anorthosite and troctolite layered complexes.



Ian Buchhorn
MANAGING DIRECTOR

The information is based on, and accurately reflects, information compiled by Ian James Buchhorn, who is a Member of the Australasian Institute of Mining and Metallurgy.

Appendix 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT

Name of entity

HERON RESOURCES LIMITED

ACN or ARBN

068 263 098

Quarter ended ("current quarter")

31 March 2001

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows related to operating activities	Current Qtr \$A'000	Year to Date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for: (a) exploration and evaluation (b) development (c) production (d) administration	(667)	(2,005)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	31	117
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	12	(70)
1.7 Other (provide details if material)		
Net Operating Cash Flows	(737)	(2,338)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-	(71)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	(16)	(30)
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net Investing Cash Flows	(16)	(101)
1.13 Total operating and investing cash flows (carried forward)	(753)	(2,439)

1.13 Total operating and investing cash flows (brought forward)	(753)	(2,439)
Cash flows related to financing activities		
1.14 Proceeds from the issue of shares, options, etc.	2,800	2,800
1.15 Proceeds from the sale of forfeited shares		
1.16 Proceeds from borrowings		
1.17 Repayment of borrowings		
1.18 Dividends paid		
1.19 Other (provide details if material) - Share Issue Expenses	151	151
Net financing cash flows	2,649	2,649
Net increase (decrease) in cash held		
1.20 Cash at beginning of quarter/year to date	2,239	3,925
1.21 Exchange rate adjustments		
1.22 Cash at end of quarter	4,135	4,135

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current Qtr \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	80
1.24 Aggregate amount of loans to the parties included in item 1.10	
1.25 Explanation necessary for an understanding of the transactions	
Directors fees, salaries and superannuation (64). Provision of secretarial services by director related entities (1). Provision of office accommodation by director related entities (15).	

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

See attached schedule

Financing facilities available

Add notes as necessary for an understanding of the position

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	750
4.2 Development	0
Total	750

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to related items in the accounts as follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	151	80
5.2 Deposits at call	2,989	170
5.3 Bank Overdraft		
5.4 Other (provide details) Bank Bills	995	1,989
Total: cash at end of quarter (Item 1.22)	4,135	2,239

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at Beginning of Quarter	Interest at End of Quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	See attached schedule		
6.2 Interests in mining tenements acquired or increased	See attached schedule		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Number Issued	Number quoted	Par value (cents)	Paid-up value (cents)
7.1 Preference securities (description)				
7.2 Issued during Quarter				
7.3 Ordinary securities	90,958,872	90,958,872		
7.4 Issued during Quarter	9,999,855	9,999,855		
7.5 Convertible debt securities (description)				
7.6 Issued during quarter				
7.7 Options (description)			Exercise Price	Expiry Date
	100,000	Nil	\$0.25	28/08/2001
	150,000	Nil	\$0.25	01/09/2001
	350,000	Nil	\$0.25	15/12/2001
	50,000	Nil	\$0.25	05/03/2002
	200,000	Nil	\$0.25	19/12/2002
	200,000	Nil	\$0.35	19/12/2002
	200,000	Nil	\$0.45	19/12/2002
	200,000	Nil	\$0.55	19/12/2002
	200,000	Nil	\$0.65	19/12/2002
	100,000	Nil	\$0.25	04/02/2004
	785,000	Nil	\$0.35	19/10/2004
	785,000	Nil	\$0.50	19/10/2004
7.8 Issued during Quarter				
7.9 Exercised during Quarter				
7.10 Expired during Quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

Compliance 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

1. Metex Resources NL has the right to earn a 70% equity interest in the Laverton Joint Venture Project tenements through sole funding the initial \$500,000 of exploration.
2. Metex Resources NL has earned a 70% equity interest in the Mount Morgans Joint Venture Project tenements through sole funding the initial \$200,000 of exploration.
3. Barra Resources Ltd (previously Connemara Gold Mines Pty Ltd) has the right to earn a 70% equity interest in the Snake Hill Joint Venture Project tenements through sole funding the initial \$300,000 of exploration.
4. Gutnick Resources NL has the right to earn an 80% equity interest in the Southern Laverton Tectonic Zone Joint Venture Project tenements through sole funding the initial \$1,200,000 of exploration expenditure. Mount Kersey will continue to sole fund exploration until a Decision to Mine is made.
5. Croesus Mining NL has the right to earn an 80% equity interest in the Edjudina and Laverton Joint Venture Project tenements through sole funding the initial \$1,000,000 of exploration expenditure. Croesus will continue to sole fund exploration until a Decision to Mine is made.
6. Portman Limited has entered into an option to purchase the Bungalbin and Mount Jackson Project tenements for \$25,000 and a minimum \$250,000 exploration expenditure. Heron will retain a FOB royalty on any Iron Ore sold from the tenements, and Heron will retain all other mineral rights.
7. WMC Resources Ltd has the right to earn an 80% equity interest in the Karonie South Joint Venture Project tenements through sole funding the initial \$300,000 of exploration expenditure. WMC will continue to sole fund exploration until a Decision to Mine is made.
8. Delta Gold NL has the right to earn a 70% interest in the Scotia Kanowna Joint Venture Project tenements through sole funding the initial \$1,000,000 of exploration expenditure. Delta will continue to sole fund exploration until a Decision to Mine is made.
9. New Hampton Goldfields Limited (current takeover by Harmony Gold) has the right to earn an 80% interest in the Transline Joint Venture Project tenements through sole funding the initial \$800,000 of exploration expenditure. New Hampton will continue to sole fund exploration until a Decision to Mine is made.
10. AngloGold Australasia Limited has the right to earn a 75% interest in the Binduli Joint Venture Project tenements through sole funding the initial \$500,000 of exploration expenditure. AngloGold will continue to sole fund exploration until a Decision to Mine is made.
11. WMC Resources Ltd has the right to earn an 80% equity interest in the Victory Joint Venture Project tenements through sole funding the initial \$125,000 of exploration expenditure. WMC will continue to sole fund exploration until a Decision to Mine is made.
12. Mt Burgess Mining NL has the right to earn a 70% equity interest in the Ilaara Joint Venture Project tenements through sole funding the initial \$500,000 of exploration expenditure. Heron and Mt Burgess will continue to fund further exploration on a pro-rata basis.

6.1 Interests in Mining Tenements relinquished, reduced or lapsed

<i>Tenement Reference</i>	<i>Nature of Interest</i>	<i>Interest Beginning Quarter</i>	<i>Interest End of Quarter</i>
E15/632	Registered Holder	100	0
E28/1004	Registered Applicant	100	0
E31/237	Registered Holder	100	0
E31/261	Registered Holder	100	0
E69/1582-1583	Registered Applicant	100	0
E77/1019	Registered Applicant	100	0
E77/860	Registered Applicant	100	0
M31/47	Registered Holder	100	0
P16/1842-1843	Registered Holder	100	0
P16/1847-1848	Registered Holder	100	0
P24/2749-2753	Registered Holder	100	0
P31/1548	Registered Holder	100	0

6.2 Interests in Mining Tenements acquired or increased

<i>Tenement Reference</i>	<i>Nature of Interest</i>	<i>Interest Beginning Quarter</i>	<i>Interest End of Quarter</i>
E16/264	Registered Applicant	0	100
E16/265	Registered Applicant	0	100
E24/115	Registered Applicant	0	100
E24/116-117	Registered Applicant	0	100
E69/1717	Registered Applicant	0	100
E77/1067	Registered Applicant	0	100
E77/1068	Registered Applicant	0	100
M27/402	Registered Applicant	0	100
M27/408-410	Beneficial Applicant	0	100
M29/283	Registered Applicant	0	100
M29/289-291	Registered Applicant	0	100
M29/292	Registered Applicant	0	100
M31/310	Registered Applicant	0	100
P15/4435-4440	Registered Applicant	0	100
P24/3748-3750	Registered Applicant	0	100
P28/977-978	Registered Applicant	0	100

Statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
2. This statement does give a true and fair view of the matters disclosed.



Sign here:

for _____
Company Secretary
Ross Arancini

Date: 30/04/01

Print name: Ian Buchhorn

Notes

1. The quarterly report is to provide a basis for informing the market how the activities of the entity for the past quarter have been financed and the effect on its cash position. Any entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of Interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
4. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
