



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

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

31 January 2003

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 ENDING 31 DECEMBER 2002

QUARTER HIGHLIGHTS

• **Nickel Laterite**

*Heron Resources Limited ("Heron"), Jinchuan Group Limited ("Jinchuan") of the Peoples Republic of China ("PRC") and Minerals Processing and Marketing Pty Ltd ("MPM") entered into a **Technical Cooperation Agreement** in respect of the **North Kalgoorlie Nickel Project** ("NKN Project").*

The Agreement allows Jinchuan to complete due diligence to determine whether it wishes to conduct a Feasibility Study for a standalone 45,000tpa nickel-in-product processing operation based on the Goongarrie and Kalpini Nickel Laterite deposits.

Jinchuan is continuing to conduct extractive test work at its metallurgical facility in the PRC on NKN Project Nickel Laterite ore samples collected in November 2002. Jinchuan and Heron intend having preliminary meetings in the PRC during February 2003, to further advance the NKN Project.

Additional drill proven reserves were acquired through pegging at Siberia South.

• **Nickel Sulphide**

*Heron has commenced a de-merger to enable the "spinning off" of its Nickel Sulphide assets into a new public company, **Pioneer Nickel Limited** ("Pioneer").*

The Heron projects proposed to be sold to Pioneer are predominantly associated with the Ida Fault-Zuleika Shear Zone within the Pioneer-Coolgardie Ultramafic Belt, which hosts a number of Nickel Sulphide deposits. No significant nickel laterite has been identified in Heron's exploration within the Pioneer-Coolgardie Ultramafic Belt, which is one rationale for Heron divesting the Nickel Sulphide assets.

It is proposed that the Pioneer vendor shares issued as consideration to Heron will be transferred to Heron shareholders on a pro-rata basis at no cost as an in specie share distribution.

• **Base Metal Sulphide and Gold**

***Regent Resources Limited** has finalised its tenement acquisition program and is currently appointing a CEO to manage the public listing process.*

The leading Regent projects are the Yindarlgooda VMS project and Bardoc Tectonic Zone gold project. Heron will retain rights to any Sulphur produced in a VMS operation, for use in Nickel Laterite processing, as well as retain Nickel Rights.

1. SUMMARY

Heron Resources Limited

- Heron has continued to acquire tenements with Walter Williams Formation (“WWF”) ultramafic lithology in the Goongarrie-Windanya-Siberia area, the locus for the **North Kalgoorlie Nickel Project**. Heron now has a continuous tenement holding from Goongarrie-Sand Queen in the north, to Windanya in the south, and through to Siberia-Wongi Hill in the west. The intervening granite terrain was acquired during the Quarter to satisfy the total infrastructure requirements of the NKN Project. The continuity of tenure is very significant in terms of ore haulage roads, ground water supplies and other site infrastructure.
- Nickel Laterite drill exploration continued during the Quarter, with siliceous upgrade ore recorded at Windanya. The current development model will see the NKN Project predominantly source ore from the immediate Goongarrie area, and use Kalpini for specialty metallurgical blending.
- Discussions for processing Goongarrie ore through the Murrin Murrin Nickel Laterite treatment facility currently remain in abeyance.
- Heron continues to investigate provision of ore to the Cawse treatment facility, and is reviewing potential ore supply mechanisms outside of the NKN Project.
- Two of Heron’s wholly owned subsidiaries, **Pioneer Nickel Limited and Regent Resources Limited have commenced the IPO process**. Heron will remain a Nickel Laterite company entirely focussed on the NKN Project. Nickel Sulphide assets are to be transferred to Pioneer, and base metal/gold assets to Regent. Heron’s Eastern Goldfields gold joint ventures and other precious metal assets were previously transferred to Avoca Resources Limited, which successfully listed on ASX in April 2002. Pioneer and Regent represent a continuation of Heron’s non-Nickel Laterite de-merger process. The Balladonia Oil Shale assets will remain with Heron for the foreseeable future.

Pioneer Nickel Limited

- Heron has commenced the transfer process to Pioneer of 46 tenements, representing 1003km² of ultramafic tenure within the Ida Fault-Zuleika Shear Zone. Pioneer will become the dominant tenement holder within a 300km strike length NNW trending ultramafic belt, containing documented Nickel Sulphide mineralisation and historical nickel mining centres throughout its length.
- Two advanced stage projects with documented Nickel Sulphide mineralisation will be acquired by Pioneer, being the **Pioneer and Acra Projects**. It is proposed to complete blanket Transient ElectroMagnetic surveying (“TEM”) of the known Sulphide horizons, prior to drill testing of conductors.
- As well as its current exploration portfolio, Pioneer has been developed as a vehicle for the acquisition of an advanced stage Nickel Sulphide project, either pre- or post-IPO.

Regent Resources Limited

- Data compilation and field validation has commenced for the Regent prospectus preparation. The program is being coordinated by Regent’s CEO designate.

2.0 OPERATIONS REVIEW

2.1 KALGOORLIE NICKEL PROVINCE

2.1.1 Goongarrie Nickel Project

Heron 100%.
Nickel - gold.

North Kalgoorlie Nickel Project

The Heron-Jinchuan-MPM partnership continues to appraise the development the NKN Project as a standalone Nickel Laterite processing operation.

RC drilling during the Quarter saw 18 holes completed for 731m at the **Windanya Prospect**. The drill target was a discrete ultramafic channel structure and confirmed an 80-160m wide adcumulate komatiite flow with siliceous Nickel Laterite mineralisation developed. The base of the flow is stoped by granite, decreasing Nickel Sulphide prospectivity. Final drill assay results are awaited.

A new project area has been pegged at **Siberia South** covering a 2km strike of Walter Williams Formation, adjoining a 1980s Nickel Laterite open cut. Previous drill exploration activity is intensive, and confirms the presence of a drilled-out Nickel Laterite resource.

The NKN Project drill sections have been reinterpreted at a 1% Ni cut-off grade. Current resource estimate is **107 million tonne at 1.24% Ni and 0.09% Co**. This does not include siliceous ore from the recent Windanya drilling and the Siberia South acquisition.

Kalpini Nickel Project

Heron 100%.
Nickel - gold.

Kalpini Nickel Laterite Prefeasibility Study

Bulk samples of Clay Lower Magnesitic ("CLM") ore were collected for NKN Project metallurgical assessment. Rehabilitation was completed on the previous Quarter drill areas.

Gold and Nickel Sulphide

A joint venture is being finalised in respect of Kalpini gold rights only, covering a continuous 130km strike of Emu Fault. The gold zone occurs at the western contact of the Nickel Laterite. The proposed farminee is a local mine operator, with the ability to convert exploration success into cash flow.

The southern project area between Kalpini Hill in the north through to Acra then Jubilee in the south is to be vended into the Pioneer Nickel Sulphide IPO as a leading project.

2.2 PIONEER NICKEL LIMITED INITIAL PUBLIC OFFER

Heron has commenced a de-merger to enable the “spinning off” of its Nickel Sulphide assets into a new public company, **Pioneer Nickel Limited**.

Pioneer was incorporated on 14 January 2003, and is currently a 100% wholly owned subsidiary of Heron. Pioneer’s aim is to acquire, explore for and develop Nickel Sulphide resources within the Eastern Goldfields of Western Australia. Heron projects to be transferred to Pioneer are summarised as follows:

1. Pioneer Nickel Project

The Pioneer Nickel Project consists of two tenements covering 81km² located 125km SSE of Kalgoorlie on the eastern flank of the Pioneer Dome and within the southern extension of the Kunanalling and Zuleika Shear systems. The area has active Nickel Sulphide mining operations to the immediate north, notably the Miitel Mine.

Previous sporadic drilling of the **Western Ultramafic Prospect** has intersected disseminated Nickel Sulphides within Pioneer’s tenement on the basal komatiite contact grading up to 0.38% Ni, as well as geochemical anomalies of up to 1,900ppm Ni with 1,580ppm Cu in shallower adjacent holes.

Gossans assaying up to 1.1%Ni and 0.7%Cu were located during the Nickel Boom on the basal contact of the Western Ultramafic below a meta-sedimentary sequence.

2. Wattle Dam Project

The Wattle Dam project consists of 8 tenements covering 68km² located 55km SW of Kalgoorlie within an area of documented Nickel Sulphide and historical gold mining. The project surrounds the historical Spargoville Nickel Sulphide mines, and covers an 18km N-S strike of the main mineralised basalt-black shale-ultramafic contact.

Gossan searches by Pioneer have identified several prospective zones, where previous exploration has been restricted to costeaning and shallow percussion drilling during the 1960s Nickel Boom. Systematic and modern TEM surveying is required for Nickel Sulphide drill target definition.

3. Larkinville Joint Venture Project

The Larkinville-Bullabulling project consists of 13 tenement applications covering 348km² located 60km SW of Kalgoorlie within areas of historical gold and Nickel Sulphide mining.

A farminee has the right to earn a 75% interest in the gold and tantalum rights of the Larkinville, Londonderry and Bullabulling Joint Venture tenements through sole funding the initial \$0.75million of exploration expenditure. Pioneer will retain 100% of all Nickel Rights and will be free carried on other commodities until a Decision to Mine is made.

4. Blister Dam Joint Venture Project

The Blister Dam project consists of nine tenements covering 117km² located 70km NW of Kalgoorlie within an area of documented Nickel Sulphide and historical gold mining localised on the Zuleika Shear Zone.

Pioneer has completed assaying soil auger samples for its "Nickel Sulphide" geochemical suite. Interpretation of results is current.

5. Davyhurst South Project

The Davyhurst South project consists of four tenements covering 130km² located 90km NW of Kalgoorlie within an area of documented Nickel Sulphide and historical gold mining, localised on the Zuleika Shear Zone-Ida Fault convergence.

Pioneer has completed the assaying of soil auger samples for its "Nickel Sulphide" geochemical suite. Three Ni-Cu anomalies were defined with 400 to 800m strike extents, using 90ppm Cu and 600ppm Ni as a threshold. In-fill auger sampling and a surface TEM survey is now planned.

Gossanous black shale horizons are associated with the western anomaly.

6. Saddle Dam Project

The Saddle Dam project consists of five tenements covering 32km² located 90km NW of Kalgoorlie within an area of documented Nickel Sulphide and historical gold mining localised on the Zuleika Shear Zone.

7. Davyhurst North Project

The Davyhurst North project consists of one tenement covering 30km² located 190km NW of Kalgoorlie within the area of the documented Snake Hill / Four Corners Nickel Sulphide occurrences, and historical gold mining localised immediately to the west on the Ida Fault.

The project area has a mapped, intact basal contact of serpentinite overlying basalt, known Nickel Sulphide endowment and favourable structural setting. Pattern gridding, soil geochemistry and a surface TEM survey is proposed by Pioneer.

8. Maggies Hays Hill Joint Venture Project

The Maggie Hays Hill project consists of one tenement application covering 81km² located 140km SE of Southern Cross within areas of current gold and Nickel Sulphide mining. A proposed farminee has the right to earn 70% in the project through spending \$0.2million. Pioneer can elect to be free-carried at 20% through to the commencement of mining.

The tenement is immediately south and along strike from the Maggie Hays and Emily Ann Nickel Sulphide deposits. Two untested TEM anomalies have been recognised, occurring 5km south-east along strike from the Maggie Hays nickel mining centre. RAB drilling confirms the presence of an ultramafic association, with clays in previous drilling assaying up to 28m at 0.6% Ni.

9. Acra Nickel Project

The Acra Nickel Project consists of three tenements covering 111km² located 60km NE of Kalgoorlie on the western flank of the Mulgabbie Dome. The area to the immediate north is subject to active Nickel Laterite exploration by Heron.

A independent, detailed geological review has confirmed the Acra Project as a very high priority Nickel Sulphide target. The project area was first explored for Nickel Sulphide mineralisation during the Nickel Boom, with mineralisation located at Acra and Jubilee.

Acra Prospect: Disseminated Nickel Sulphide intercepts from previous drilling at Acra include 21m at 0.53% Ni (diamond hole AD13), 18m at 0.63% Ni within an 80m wide disseminated Nickel Sulphide package (RC hole ARC03), and massive sulphide of 0.27m at 4.36% Ni (AD04).

A surface TEM survey conductor links the mineralised intercepts over a 500m strike length, with associated very strong Down Hole TEM off-hole anomalies. In the view of Pioneer's consultant, these conductors are consistent with the presence nearby of massive sulphides. The target zone has been subject to structural deformation, so the presence of remobilised footwall mineralisation requires assessment.

Of interest is the TEM result from ARC02, with very strong EOH off-hole anomaly at 175m within ultramafics. ARC03 was drilled 100m south of this section, intersecting 80m of disseminated Nickel Sulphide (from 120m to 200m EOH, basal contact not tested). Gossan occurrences will be surveyed by TEM, prior to drilling.

Check sampling of old drill holes by Pioneer has confirmed that sulphides, where present, are likely to be pentlandite (nickel sulphide). The drill samples were uniformly 0.5-1.2% Ni with 0.3-1.0% sulphur, with no visible pyrrhotite or pyrite (iron sulphide) present. Importantly, PGMs were anomalous at 20-95ppb Pt and 40-195ppb Pd.

Jubilee Prospect: Gossan sampling from old costeans by Pioneer has returned 1.3% Ni, 0.16% Cu, 0.4g/t Pt and 0.4g/t Pd. The main gossan is of a massive cellular boxwork style, with the high Cu-Pt-Pd values particularly encouraging. This gossan is unequivocally derived from massive sulphide, and detailed ground TEM is proposed in order to locate and map the massive sulphide horizon.

Moving loop TEM coverage over the entire Acra to Jubilee Prospect is required to provide better resolution of the 13 conductors defined within a **5.6km strike of prospective Nickel Sulphide stratigraphy**. This zone contains the **JSW 1020** and **Trinidad** nickel sulphide gossans, which were discovered during the "Nickel Boom", but still remain to be adequately drill tested.

2.3 REGENT RESOURCES LIMITED INITIAL PUBLIC OFFER

The Regent base metal and gold projects were acquired in the course of Heron's Nickel Laterite acquisition programs. Of particular interest, the Heron Goongarrie Nickel Laterite tenements variously surround and adjoin from south to north the Windanya, Baden Powell, Grafters, Goongarrie, Sand Queen, Menzies and Ghost Rocks gold mining centres. This exploration holding is associated with the western margin of the Bardoc Tectonic Zone, which is one of the most productive gold-hosting structures of the Eastern Goldfields.

2.3.1 Bardoc Tectonic Zone Project

Regent 100%.

Gold.

Heron retains all nickel rights.

Regent is to acquire gold rights over the eastern portion of Heron's Goongarrie Hill to Ghost Rocks Nickel Projects, covering Siberia Formation basalt and dolerite. The Nickel Laterite is all hosted by Walter Williams Formation olivine adcumulate, which is non-prospective for gold and is a geologically distinctive unit located west of Regent's proposed tenement holding.

2.3.2 Gidji Joint Venture Project

Heron 100%, to be assigned to Regent. Central Exchange right to earn 80% of Gold rights.

Heron retains all nickel rights.

Central Exchange has completed a detailed review of historical exploration and field mapping, and defined high priority drill targets at the Gidji and Mulgarrie North Joint Venture Projects.

A new 10km² project area has been pegged between the Golden Cities and Mulgarrie gold mining centres. Previous exploration activity on the structure is extensive.

2.3.3 Yindarlgooda Project

Regent 100%.

Copper - zinc - gold.

Heron retains all nickel rights.

The Regent exploration holdings occur within the Yindarlgooda Province between Carr Boyd in the north and Karonie to the south. The prime target is Volcanogenic Massive Sulphide ("VMS") base metal mineralisation, associated with a major belt of sulphidised felsic volcanics centred on Lake Yindarlgooda.

Regent has acquired a gold resource, estimated by the previous explorer at 130,000t at 4g/t Au. The resource area corresponds to Regent's principal VMS target zone, so will be a focus in the ground geophysical program proposed for Yindarlgooda.

A new 47km² project area has been pegged immediately southeast of the Gindalbie gold mining centre on the GMQ shear zone. Previous exploration activity on the structure is extensive.

2.3.4 Melita Project

Regent 100%.

Copper - zinc - gold.

Heron retains all nickel rights.

A new 75km² project area has been pegged surrounding the Two Dees gold mining operations. Previous exploration activity is extensive, and detailed data reviews will be required. Regent is developing as a major tenement holder within the Melita-Kookynie area.

2.3.5 Northern Western Australia Proterozoic Base Metal Province

Regent 100%.

Copper - nickel - PGM - base metals.

Heron retains all nickel rights.

Ground acquisition continues, with pegging restricted to areas of historical base and precious metal mining activity.

Regent has recognised a conceptual geological environment for **Magmatic Nickel-Copper Sulphide Deposits** within the Proterozoic base metal province of northern Western Australia. Similar ore genesis environments have produced the giant Nickel-Copper Sulphide deposits at Noril'sk and Pechanga in Russia, Jinchuan in China, and Sudbury, Thompson and Voisey's Bay in Canada. All are characterised by mineral resources of several million tonnes of contained nickel and copper. These deposits are all hosted by large, internally complex, basic intrusive magmatic complexes, which is a fundamental aspect of their formation. The deposits are formed by the segregation of nickel, copper, cobalt and PGM from silicate magma into a separate later stage sulphide melt.

Additionally, Hart Dolerite-hosted stockwork mineralisation styles have been identified, with skarn/replacement mineralisation related to carbonate units, within the Speewah Group (a dominantly continental clastic sediment with interbedded playa lake carbonates). The main target is the **Chamberlain River Prospect**, where the conceptual model is skarn Cu-Pb-Ag hosted by Speewah Fault zones cross-cutting the Teronis Member algal dolomite.

Initial data reviews in the southern project area have identified the **Robertson River Prospect**, with previous costean channel assays of up to 10m at 8.3g/t Au in quartz vein stockworks at a granite-metasediment contact. On the basis of literature reviews, there is a significant potential for economic mineralisation, with 1,000m NNW strike and width to 20m.

2.4 BALLADONIA ENERGY NL

Heron 100%.

Oil shale - sulphur - heavy mineral sands.

The current oil shale resource is **2.6 billion tonne at 133 litre/tonne**. The Company is reviewing opportunities for an IPO based on the oil shale and possibly heavy mineral sand assets.

Discussions continue in respect of a farm out of heavy mineral sand rights.



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

ABN

30 068 263 098

Quarter ended ("current quarter")

31 December 2002

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows related to operating activities	Current Qtr \$A'000	Year to Date (6 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	(278)	(701)
1.3 Dividends received		
1.4 Interest and other items of similar nature received	15	34
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material) – GST Paid	13	(12)
Net Operating Cash Flows	(395)	(935)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investment (c) other fixed assets	(26)	(49)
1.9 Proceeds from sale of: (a) prospects (b) equity investment (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities	3	3
1.12 Other (provide details if material)		
Net Investing Cash Flows	(23)	(46)
1.13 Total operating and investing cash flows (carried forward)	(418)	(981)

1.13 Total operating and investing cash flows (brought forward)	(418)	(981)
Cash flows related to financing activities		
1.14 Proceeds from the issue of shares, options, etc.		
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) - Capital raising expenses		
Net financing cash flows		
Net increase (decrease) in cash held		
1.20 Cash at beginning of quarter/year to date	1,564	2,127
1.21 Exchange rate adjustments		
1.22 Cash at end of quarter	1,146	1,146

**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 item 1.2	90
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 (A\$74,000). Provision of secretarial services by director related entities (A\$1,000). Provision of office accommodation by director related entity (A\$15,000).

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	300
4.2 Development	0
Total	300

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	92	290
5.2 Deposits at call	1,005	1,225
5.3 Bank Overdraft		
5.4 Other (provide details) Environmental bonds	49	49
Total: cash at end of quarter (Item 1.22)	1,146	1,564

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at Begin 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	105,158,727	105,158,727		
7.4 Issued during Quarter				
7.5 Convertible debt securities (description)				
7.6 Issued during quarter				
7.7 Options (description)			Exercise Price	Expiry Date
	100,000	Nil	\$0.25	04/02/2004
	785,000	Nil	\$0.35	19/10/2004
	785,000	Nil	\$0.50	19/10/2004
	2,000,000	Nil	\$0.35	20/12/2004
	500,000	Nil	\$0.35	30/06/2005
	500,000	Nil	\$0.50	30/06/2005
	500,000	Nil	\$0.30	23/04/2006
7.8 Issued during Quarter				
7.9 Exercised during Quarter				
7.10 Expired during Quarter	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
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. Portman Limited has entered into an option to purchase the Bungalbin and Mount Jackson Project tenements for \$25,000 and at least \$250,000 of exploration expenditure. Heron will retain a FOB royalty on any Iron Ore sold from the tenements, and Heron will retain all other mineral rights.
2. Mount Burgess Mining NL has the right to earn a 70% interest of the non-nickel rights in the Perrinvale Joint Venture Project tenements through sole funding the initial \$500,000 of exploration expenditure.
3. Ramelius Resources Limited has the right to earn a 75% interest of the gold and tantalum rights of the Bullabulling and Larkinville Joint Venture Project tenements through sole funding the initial \$750,000 of exploration expenditure. Heron will retain 100% of all nickel rights and will be free carried until a Decision to Mine is made.
4. Central Exchange Limited/Juniper Resources Limited and their subsidiary Australian Mineral Investments Pty Ltd has the right to earn a 80% interest of the gold and other mineral rights (except nickel and associated minerals) of the Gidji and Mulgarrie North Joint Venture Project tenements through sole funding the initial \$250,000 of exploration expenditure. Heron will retain 100% of all nickel rights and will be free carried until a Decision to Mine is made.
5. Central Exchange Limited/Juniper Resources Limited and their subsidiary Australian Mineral Investments Pty Ltd has the right to earn a 50% interest of the Iron rights of the Mount Dimer and Aurora Ranges Joint Venture Project tenements through sole funding the initial \$200,000 of exploration expenditure. The Parties may contribute on a pro-rata basis, or dilute, with Heron retaining a gross production royalty should it elect to not participate. Heron will retain 100% of all nickel and gold rights.

6.1 Interests in Mining Tenements transferred, relinquished, reduced or lapsed

<i>Tenement</i>	<i>Nature of Interest</i>	<i>% Begin Quarter</i>	<i>% End Quarter</i>
E28/1296	Registered Applicant	100	0
E29/437	Registered Applicant	100	0
E29/519	Registered Applicant	100	0
E63/631	Registered Holder	100	0
M29/304	Registered Applicant	100	0
P28/981	Registered Applicant	100	0
P29/1783	Registered Applicant	100	0

6.2 Interests in Mining Tenements acquired or increased

<i>Tenement</i>	<i>Nature of Interest</i>	<i>% Begin Quarter</i>	<i>% End Quarter</i>
E04/1387	Registered Applicant	0	100
E16/292	Registered Applicant	0	100
E16/295	Registered Applicant	0	100
E25/274	Registered Applicant	0	100
E26/110	Registered Applicant	0	100
E27/294	Registered Applicant	0	100
E27/296	Registered Applicant	0	100
E27/299	Registered Applicant	0	100
E27/300	Registered Applicant	0	100
E28/1310	Registered Applicant	0	100
E28/1311	Registered Applicant	0	100

Tenement	Nature of Interest	% Begin Quarter	% End Quarter
E28/1312	Registered Applicant	0	100
E29/527	Registered Applicant	0	100
E29/528	Registered Applicant	0	100
E31/617	Registered Applicant	0	100
E31/628	Registered Applicant	0	100
E36/492	Registered Applicant	0	100
E40/195	Registered Applicant	0	100
E80/3144	Registered Applicant	0	100
E80/3145	Registered Applicant	0	100
E80/3146	Registered Applicant	0	100
P24/3275	Registered Holder	0	100
P24/3290	Registered Holder	0	100
P24/3672	Registered Holder	0	100
P24/3793	Registered Applicant	0	100
P24/3804	Registered Applicant	0	100
P28/991	Registered Applicant	0	100
P29/1681	Registered Holder	0	100
P29/1786	Registered Applicant	0	100
ELA171/02	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

Date: 31/01/03

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.