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31 July 2002

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 30 JUNE 2002

### QUARTER HIGHLIGHTS

- **Nickel Laterite**  
*Preliminary design work has been completed for a **Trial Pit to process 30,000t at 1.5% Ni and 0.1% Co through the Murrin Murrin Nickel Laterite treatment facility.** Discussions are continuing with Anaconda Nickel Operations.*

*Drilling at Goongarrie Hill confirmed previous ore tenors, with intercepts up to **18m at 1.33% Ni and 0.03% Co** in siliceous upgrade ore. This ore style is typical of that treated in the Cawse nickel operation.*

- **Nickel Sulphide**  
*The independent review of Heron's Nickel Sulphide prospects was completed, generating two stand-out drill targets at the **Acra Prospect** and one at the **Pioneer Prospect**.*

*At the **Acra Prospect**, previous disseminated Nickel Sulphide intercepts include **21m at 0.53% Ni and 18m at 0.63% Ni, with 0.27m at 4.36% Ni in massive sulphide.** A surface TEM conductor links the mineralised intercepts over a 500m strike length, and Down Hole TEM has detected very strong off-hole anomalies which in the view of Heron's consultant, are consistent with the presence nearby of massive sulphides.*

*At the **Pioneer Prospect**, previous drilling has intersected disseminated nickel sulphides on a basal ultramafic contact grading 0.38% Ni, supported by geochemical anomalism in adjacent shallow holes. Heron's consultant has identified an untested Down Hole TEM conductor which is interpreted to represent massive sulphides off-hole.*

*The Silver Swan nickel sulphide discovery in 1995 arose from similar geological modelling to that being currently carried out by Heron. The Company's consultants were in fact previously involved with the Silver Swan nickel sulphide exploration.*

- **Base Metal Sulphide**  
*Regent Resources Limited has been incorporated as Heron's base metal sulphide vehicle, and has commenced a tenement acquisition program within the Archaean Eastern Goldfields and Proterozoic Kimberley Basin of Western Australia. It is envisaged that Heron will retain nickel laterite (and sulphide) rights on Regent tenements.*

## 1. SUMMARY

### Heron Resources Limited

- The Company focus continues to be **the commissioning of the Pamela Jean Trial Pit as a first step towards commercial production**. Various management changes have been actioned during the Quarter, reflecting the Company's planned transition from exploration to production.
- The Company's substantial ultramafic tenement portfolio has now essentially been drill evaluated for its nickel laterite potential, and the future of Goongarrie is committed to production. **The Company has now embarked on its next exploration phase, being the discovery of ultramafic-hosted nickel sulphides**. This strategy aims to maximise the exploration value of the Company's existing tenement holding.
- The Company will continue to acquire high-grade defined nickel laterite resources. To this end, the Company has made several offers to purchase during the current Quarter, for which responses are awaited. This strategy reflects Heron's desire to be **a key long-term ore supplier to the three existing Eastern Goldfields nickel laterite operations**.
- Six farm-out opportunities are under assessment for joint venture. All are structured so that Heron retains non-gold rights, facilitating the Company's management emphasis on nickel.

Of particular interest is a joint venture proposal received for gold rights to Heron's Kalpini Nickel Project, covering a continuous 130km strike length of the highly gold prospective Emu Fault.

### Regent Resources Limited – wholly owned subsidiary of Heron Resources Limited

- Regent Resources was incorporated to **acquire high quality base metal projects** for initial target generation followed by either joint venture to majors or Initial Public Offer ("IPO").
- Exploration holdings were secured within the Yindarlgooda Province between Queen Lapage in the north and Transline in the south, respectively hosting the Pineapple Dam and Roe Hills ultramafic suites. Interpreted Volcanogenic Massive Sulphide ("VMS") targets occur within Regent tenements, associated the large tracts of sulphidised felsic volcanics. Heron will retain nickel rights.
- A titaniferous magnetite target associated with an interpreted sand-covered layered intrusive complex east of Southern Cross was introduced to Regent by prospector Jack Otway.

### Balladonia Energy NL – wholly owned subsidiary of Heron Resources Limited

- During the current literature reviews of the Balladonia Oil Shale Project, an excellent conceptual model has been developed involving **heavy mineral sands** occurring within Balladonia's oil shale tenements at the western margin of the Eucla Basin. The oil shale resources are Eocene-aged paralic lake valley deposits, with heavy mineral sands occurring in transgressive strandlines. Heavy mineral resources, characterised by encouragingly high zircon content, are documented from previous drilling within Balladonia's tenements.

High priority targets have been generated from this previous drilling, and from interpretation of Balladonia's regional geophysical data.

- Independent of this literature review, the Company has received two expressions of joint venture interest to evaluate the mineral sands potential of its Balladonia tenements.

## 2.0 OPERATIONS REVIEW

### 2.1 KALGOORLIE NICKEL PROVINCE

#### 2.1.1 Goongarrie Nickel Project

Heron 100%.

Nickel - gold.

##### ***Trial Pit Mining***

Anaconda Nickel Operations (“ANO”) has completed metallurgical testwork and preliminary designs for a 30,000 tonne Trial Pit at Goongarrie South, and are satisfied with the results. The location of the proposed pit is within the Pamela Jean Zone, and has been comprehensively tested by:

- 20x20m RC drilling.
- Two geotechnical diamond drill holes (GSDD006 and 007).
- One Calweld hole (CWCD22) approximately 100m south of the proposed pit.
- Six metallurgical samples from Core and RC samples tested at commercial and on-site mine laboratories.

Heron’s estimate of the Trial Pit resource is 36,364t at 1.5% Ni and 0.1% Co for a strip ratio of 9:1. At 17 metres to the ore, the proposed pit is within an area of relatively shallow overburden.

The pit is 180m long by 120m wide, with northwesterly orientation reflecting an underlying structural control on mineralisation. The proposed haulage ramp is 9m wide with a gradient of 1:9, and has been designed to accommodate 2x50t dump trucks loaded from a 65t excavator.

Anaconda is continuing to investigate its further involvement with Goongarrie.

##### ***Reverse Circulation Drilling***

Siliceous ore was intersected in drilling at Goongarrie Hill. The mineralisation has the good screen upgrade beneficiation typical of Cawse-style laterite mineralisation.

<b>Table 1 GOONGARRIE HILL PROSPECT RC Drilling Significant Interceptions, 0.75% Ni Cut-Off</b>									
<b>Hole Number</b>	<b>North m</b>	<b>East m</b>	<b>From m</b>	<b>To m</b>	<b>Interval m</b>	<b>Ni %</b>	<b>Co %</b>	<b>Ni4Co %</b>	<b>Ni4Co M%</b>
GWRC209	79,800	1,340	12	30	12	1.33	0.032	1.46	26.24
<i>Including at 1.25% Ni</i>			12	16	4	1.55	0.035	1.69	6.76
GWRC219	79,360	1,460	14	26	12	1.04	0.039	1.20	14.35
<i>Including at 1.25% Ni</i>			14	18	4	1.46	0.049	1.66	6.62
GWRC222	79,320	1,420	12	24	12	1.12	0.024	1.22	14.59

Due to the siliceous blocky nature of the Goongarrie Hill mineralisation, drill penetration problems were encountered, resulting in several holes being stopped in mineralisation at shallow depths.

The recent drilling added some 3.8 million tonne to the 0.75% Ni cut-off resource inventory. A large number of additional targets are still available for drill testing at Goongarrie Hill, but at this time such programs are not warranted, due to the preference for goethitic ore at local processing plants.

## **Goongarrie Nickel Sulphide Study**

Nickel sulphide occurrences are historically not well documented from within the Walter Williams Formation ("WWF"), which hosts the Goongarrie Project. The main previously reported WWF nickel sulphide occurrence is at Snake Hill, located 70km NW of Goongarrie and discovered by CRA in the early 1970s, and the Scotia nickel sulphide mine, located 6km E of Goongarrie within a lateral komatiite flow equivalent to the WWF.

The Heron prospects independently reviewed for their nickel sulphide potential were Goongarrie Hill, Goongarrie South, Big Four and Scotia Dam. The Heron drilling to date, which has only targeted lateritic nickel, has a number of limitations with regards to exploration for nickel sulphides. These include:

- Drilling is almost exclusively vertical by necessity for nickel laterites, and given the steep dip of the ultramafic succession, effective drill coverage for lithology is restricted to point data.
- The drill coverage was not designed to test for contact hosted, massive sulphide mineralisation, which may have economic strike lengths of 100m or less. However, it is reasonable to expect that any large disseminated nickel sulphide occurrence would have been detected by existing drilling.

A rigorous evaluation of the drill hole assay database within regolith domains shows that Ni-Cu enrichment is best defined within the upper saprolite and is concentrated near the eastern margin of the cumulate ultramafic body, or the interpreted upper contact at Goongarrie Hill, Goongarrie South and Scotia Dam. Heron has only completed very limited drilling on the more prospective western margin.

The Pamela Jean Zone is interpreted by Heron's consultant as a zone of deep weathering along a zone of shearing, sub parallel to the WWF. Elevated Ni-Cu-Co-Zn within the upper saprolite is most likely due to lateritic enrichment, with significant chalcophile element scavenging by iron and manganese hydrated oxides. Based on the information available, it was inferred that the presence of nickel sulphide is not required in order to account for very high grades and deep mineralisation at Pamela Jean.

The potential for high-grade contact-hosted massive nickel sulphide essentially remains untested at Goongarrie due to the lack of drilling along the western basal margin of the main Goongarrie cumulate ultramafic.

### **2.1.2 Kalpini Nickel Project**

Heron 100%.  
Nickel - gold.

Proposed nickel laterite ore reserve drill sites have been surveyed on an 80x40m pattern at Zones 1 to 5 within the Kalpini Eastern Ultramafic Suite. This drilling is required in order to facilitate Scoping Study pit designs, particularly for the proposed Kalpini Stage One Pit located at Zone 2, 40km northeast of the Bulong Nickel Laterite processing facility.

Additionally, the proposed Kalpini Zone 2 drilling will cover a discrete ultramafic channel structure interpreted to be prospective for nickel sulphides. The structure was highlighted from aeromagnetic interpretation, and overlies footwall basalts. Within the Kalpini Eastern Ultramafic Suite, this particular laterite target is the area most likely to retain the sulphide-prospective lower ultramafic. Elsewhere in the Eastern Ultramafic Suite, intrusive granite has stopped out the lower units.

Joint venture negotiations are continuing in respect of Kalpini gold rights only, covering a continuous 130km strike of Emu Fault held by Heron. The Kalpini region has attracted gold exploration interest because of recent significant metal detector gold nugget discoveries.

## **Kalpini Nickel Sulphide Study**

**The current study has confirmed this project to be a Very High Priority Nickel Sulphide target.**

The project area was first explored for nickel sulphide mineralisation during the Nickel Boom. Three nickel sulphide-mineralised localities were identified within the Kalpini Western Ultramafic Suite on ground now held by Heron.

### **Acra Prospect**

Disseminated nickel sulphide intercepts from Acra include **21m at 0.53% Ni** (diamond hole AD-13), **18m at 0.63% Ni** (RC hole ARC-3), and massive sulphide of **0.27m at 4.36% Ni** (AD-04).

Down-hole Transient ElectroMagnetic survey ("TEM") detected a number of conductivity anomalies. Of particular interest is the result from ARC-02 (very strong EOH off-hole anomaly at 175m within ultramafics), which is consistent with the presence nearby of massive sulphides. Interestingly, 100m south of this section (at ARC-03), 80m of disseminated nickel sulphides was intersected from 120m to 200m (EOH). The following three hole 750m deep RC drilling program will be completed by Heron.

- Two previous drill holes (ARC-02 and ARC-04) will be extended or redrilled to 250 metres and re-logged with Down Hole TEM to refine interpretation of the existing anomalies.
- A single drill hole is planned to test beneath the massive nickel sulphide mineralisation in AD-04. Prior to siting the drill hole, a 3-D model of the basal contact based on existing drilling and detailed geological mapping will be generated.

Follow-up moving loop TEM coverage over the entire Acra Prospect will be completed to provide better resolution of the 13 conductors highlighted by Heron's consultant.

### **Binti Ultramafic Prospect**

This belt is regarded as highly prospective for nickel sulphides given the previous sulphide intersections within the sequence. Minimal modern exploration has been completed.

Initial exploration will comprise an analysis of Heron's aeromagnetic data set to identify possible channels within the ultramafic. Follow-up mapping and regional RAB/aircore drilling is planned to confirm the presence of channel stratigraphy and provide geochemical information. Moving loop TEM across prospective channel features will then be utilised to identify potential nickel sulphide accumulations.

### **Kalpini West Prospect**

A distinctive komatiite complex outcrops at Kalpini West. Previous exploration has confirmed high nickel values in soil and pisolite sampling, coincident with the komatiite outcrop. Although some costeaning is present in the komatiite area, there is no record of any previous drilling within open file reports.

A sequence of komatiite lithologies with cumulate basal members is considered likely at Kalpini West, and is favourable for nickel sulphide accumulations.

TEM surveying is planned, with drill testing of selected geochemical and TEM targets located within the basal komatiite sequence.

### 2.1.3 Widgiemooltha Nickel Project

Heron 100%.  
Nickel - gold.

#### Pioneer Prospect

**The current study has confirmed this project to be a Very High Priority nickel sulphide target.**

Three separate east facing komatiite horizons are present. The basal **Western Komatiite Horizon** outcrops as elongate ridges close to the Pioneer Granite, and hosts WMC's Pioneer deposits along strike.

Sporadic previous drilling has intersected disseminated nickel sulphides on the basal contact grading up to 0.38% Ni, as well as geochemical anomalies of up to 1,900ppm Ni with 1,580ppm Cu in the shallower adjacent holes. Heron sampling of ferruginous material from a Nickel Boom costean recorded 1,822ppm Ni, 336ppm Cu, 18ppb Pt and 18ppb Pd, which are favourable geochemical indicators of nickel sulphide settings. In addition, an **untested Down Hole TEM off-hole conductor has been identified within the footwall** up to 100m beneath the recognised basal ultramafic contact. This may represent massive sulphides occurring in the interpreted position of a western precursor flow, or alternatively, remobilised sulphides within the footwall (as at Rocky's Reward and Emily Ann where massive sulphides occur within the footwall to the main ultramafic flow). This western precursor unit has not been tested by drilling anywhere within the Heron licence area, and no surface TEM surveys have been conducted over the western komatiite. Drill testing is proposed.

The **Central Komatiite Horizon** has no outcrop expression within the prospect, but is reflected by a linear magnetic trend which extends for most of the 10km strike length of the licence.

The highly prospective **Eastern Komatiite Horizon** has a 1km strike within the southern portion of the licence. This horizon hosts the high grade Redross and Mariners nickel sulphide deposits along strike to the north in the former WMC Widgiemooltha ground. There is no outcrop of this horizon within the Heron Pioneer Prospect, but its presence is indicated by a strong magnetic signature.

## 2.2 SOUTHERN CROSS NICKEL PROVINCE

### 2.2.1 Aurora Iron Ore Joint Venture Project

Heron 100%. Juniper right to earn 50% of Iron Ore rights.  
Heron retains all other mineral rights, notably nickel-gold.

Juniper Resources Limited ("Juniper") and/or its subsidiary Australian Mineral Investments Pty Ltd ("AMI") may earn a 50% interest in the Iron Ore rights only through expending a minimum of \$200,000 to complete exploration and a Scoping Study for an Iron Ore mining and shipping operation.

Subject to a Feasibility Study, Heron will have the option of contributing at 50% to an Iron Ore mining and shipping project, or transferring its 50% equity to a special purpose vehicle for an IPO, or diluting to a gross production royalty.

In the course of Heron's regional nickel soil sampling of the Aurora-Bungalbin ultramafic horizons, a 1km strike length gold-in-soil anomaly was generated, peaking at 70ppb Au and 1,009ppm As (backgrounds 1ppb and 20ppm respectively). The nickel-gold target is 100% Heron-owned.

## 2.3 ILLAARA PROVINCE

### 2.3.1 Perrinvale Joint Venture Project

Heron 100%, Mount Burgess Mining NL right to earn 70% through spending \$0.5m.  
Heron retains all nickel and sulphur rights.  
Copper - zinc - gold.

Geological mapping combined with aeromagnetic interpretation has been completed. This has supplemented information gained from regional auger geochemical drilling. Peak values obtained from auger drilling comprise 64ppb Au, 0.30ppm Ag, 1070ppm As, 1180ppm Ba, 871ppm Cu, and 1544ppm Mo, representing both gold and VMS base metal targets. Several untested gold anomalies have been identified within the Joint Venture tenements, which are planned for testing by Mount Burgess.

## 2.4 BOORARA SHEAR PROVINCE

### 2.4.1 Gidji Joint Venture Project

Heron 100%. Juniper right to earn 80% of Gold rights.  
Heron retains all nickel rights.

Juniper Resources Limited ("Juniper") and/or its subsidiary Australian Mineral Investments Pty Ltd ("AMI") has the right to earn an 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.

## 2.5 YINDARLGOODA PROVINCE

### 2.5.1 Yindarlgooda Project

Regent 100%.  
Copper - zinc - gold.  
Heron retains all nickel rights.

This new acquisition, located between existing Heron nickel projects at Bulong and Kalpini, is a proposed project for Heron's wholly owned subsidiary **Regent Resources Limited**.

The Regent exploration holdings occur within the Yindarlgooda Province between Queen Lapage in the north and Transline in 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. From Regent's initial geological reconnaissance, the project area is characterised by regionally extensive sericite-pyrite alteration, which has resulted in strongly recessive weathering (being manifest as lake development).

The pervasive lake cover and highly conductive overburden has impeded previous base metal sulphide exploration, which was mainly carried out by multinational explorers in the late 1970s to mid 1980s.

Heron's Yindarlgooda Project literature reviews have generated high priority nickel sulphide targets, for which Heron will retain all Ni-Cu-Co-PGM rights.

## 2.6 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 "Avoca-style" IPO based on the oil shale and possibly heavy mineral sand assets. Heron's main objective is to retain sulphur off-take rights from the oil shale, whilst making equity in a new IPO company available to Heron Shareholders.

A thorough review of past exploration, geological setting and geophysical data sets has clarified the nature of the oil shale deposits and identified heavy mineral sand deposits within the existing Balladonia tenement group.

The oil shale resources are swamp deposits formed in Eocene-aged paralic lake valleys at the edge of the Eucla Basin sea. As a result of a later rise in sea level, the swamps were buried and the shoreline shifted westward forming coastal beaches and dune systems (strandlines) in the general oil shale areas. A later fall in sea level, in Miocene times, formed strandlines further east. These strandlines are known from previous reconnaissance drilling to contain heavy minerals and are characterised by a high zircon content. Zircon is a high value commodity often in relatively low abundance in other Australian mineral sand deposits.

There is significant potential for the discovery of large heavy mineral sand deposits in the historically very poorly explored areas at Balladonia. There is a vast hinterland source area for the heavy mineral sands – almost the entire granite rich Archaean Yilgarn block and the Proterozoic Fraser Range Complex were drained by rivers feeding eastwards into the palaeo Eucla Basin sea.

High priority mineral sands targets have been generated from Heron's review, which ultimately will require systematic Aircore drill appraisal.

The Company has received two expressions of joint venture interest to evaluate the mineral sands potential of the Balladonia oil shale tenements. These offers are currently being assessed.



**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")

30 June 2002

**CONSOLIDATED STATEMENT OF CASH FLOWS**

<b>Cash flows related to operating activities</b>	Current Qtr \$A'000	Year to Date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for: (a) exploration and evaluation	(425)	(1,874)
(b) development		
(c) production		
(d) administration	(41)	(421)
1.3 Dividends received	28	96
1.4 Interest and other items of similar nature received	28	96
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material) – GST Paid	95	103
<b>Net Operating Cash Flows</b>	<b>(343)</b>	<b>(2,096)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects		
(b) equity investment		
(c) other fixed assets	(2)	(21)
1.9 Proceeds from sale of: (a) prospects		
(b) equity investment	15	15
(c) other fixed assets	(95)	(860)
1.10 Loans to other entities - Avoca Resources Ltd	(95)	(860)
1.11 Loans repaid by other entities - Avoca Resources	861	861
1.12 Other (provide details if material)		
<b>Net Investing Cash Flows</b>	<b>779</b>	<b>(5)</b>
1.13 Total operating and investing cash flows (carried forward)	436	(2,101)

1.13 Total operating and investing cash flows (brought forward)	436	(2,101)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from the issue of shares, options, etc.		1,090
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		(62)
<b>Net financing cash flows</b>		1,028
<b>Net increase (decrease) in cash held</b>	436	(1,073)
1.20 Cash at beginning of quarter/year to date	1,622	3,131
1.21 Exchange rate adjustments		
1.22 <b>Cash at end of quarter</b>	2,058	2,058

**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).
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**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

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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
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### 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
<b>Total</b>	<b>300</b>

### 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	827	172
5.2 Deposits at call	1,205	1,424
5.3 Bank Overdraft		
5.4 Other (provide details) Environmental bonds	26	26
<b>Total: cash at end of quarter (Item 1.22)</b>	<b>2,058</b>	<b>1,622</b>

### 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)
<b>7.1 Preference securities</b> (description)				
7.2 Issued during Quarter				
<b>7.3 Ordinary securities</b>	105,158,727	105,158,727		
7.4 Issued during Quarter				
<b>7.5 Convertible debt securities</b> (description)				
7.6 Issued during quarter				
<b>7.7 Options</b> (description)			Exercise Price	Expiry Date
	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
	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
7.8 Issued during Quarter				
7.9 Exercised during Quarter				
7.10 Expired during Quarter				
<b>7.11 Debentures</b> (totals only)				
<b>7.12 Unsecured notes</b> (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. 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. 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 Ref</i>	<i>Nature of Interest</i>	<i>% Begin Quarter</i>	<i>% End Quarter</i>
E16/182	Registered Applicant	100	0
E16/254	Registered Applicant	100	0
E28/991	Registered Holder	100	0
E28/991	Registered Holder	100	0
E31/233	Registered Holder	100	0
E31/234	Registered Holder	100	0
E31/235	Registered Holder	100	0
E36/459	Registered Applicant	100	0
E38/1270	Registered Applicant	100	0
E38/1329	Registered Applicant	100	0
E38/1404	Registered Applicant	100	0
E38/1418	Registered Applicant	100	0
E39/694	Registered Holder	100	0
E39/880	Registered Holder	100	0
M24/542	Registered Applicant	100	0
P28/980	Registered Applicant	100	0

**6.2 Interests in Mining Tenements acquired or increased**

<i>Tenement Ref</i>	<i>Nature of Interest</i>	<i>% Begin Quarter</i>	<i>% End Quarter</i>
E24/124	Registered Applicant	0	100
E25/269	Registered Applicant	0	100
E25/270	Registered Applicant	0	100
E25/271	Registered Applicant	0	100
E25/272	Registered Applicant	0	100
E25/285	Registered Applicant	0	100
E28/1302	Registered Applicant	0	100
E29/519	Registered Applicant	0	100
E80/2950	Registered Applicant	0	100
E80/2951	Registered Applicant	0	100
E80/2952	Registered Applicant	0	100

E80/2953	Registered Applicant	0	100
E80/2954	Registered Applicant	0	100
E80/2955	Registered Applicant	0	100
E80/2956	Registered Applicant	0	100
E80/2957	Registered Applicant	0	100
E80/2958	Registered Applicant	0	100
E80/2959	Registered Applicant	0	100
E80/2962	Registered Applicant	0	100
E80/2963	Registered Applicant	0	100
E80/2964	Registered Applicant	0	100
E80/3040	Registered Applicant	0	100
E80/3041	Registered Applicant	0	100
E80/3042	Registered Applicant	0	100
E80/3043	Registered Applicant	0	100
P25/1575	Registered Applicant	0	100
P25/1576	Registered Applicant	0	100
P27/284	Registered Applicant	0	100
P30/270	Registered Applicant	0	100
P31/1669	Registered Applicant	0	100
P39/4228	Registered Applicant	0	100
P77/1115	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: 31/07/02

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.