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29 July 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 30 JUNE 2003

QUARTER HIGHLIGHTS

- **Nickel Laterite**

*Heron Resources Limited ("Heron") has increased its non-diluted non-screened nickel laterite resource to **225 million tonne at 1.03% Ni and 0.08% Co** at a 0.75% Ni cut-off grade. The 22% resource increase for the Quarter is due to **recent acquisitions totalling 40 million tonne at 1.02% Ni and 0.08% Co**, being drilled-out Indicated Mineral Resource within the Siberia, Goongarrie and Menzies areas. Acquisitions are predominantly Siliceous and Goethite Ore located within low-cost haulage distance of the main Goongarrie resource (the proposed location of a future North Kalgoorlie Nickel Project plant).*

*With screening of Siliceous Ore as appropriate, Heron's total Inferred Mineral Resource exceeds **130 million tonne at 1.3% Ni** at a 1.0% Ni cut-off Leach Feed Grade. This resource level is considered capable of sustaining both:*

1. **Ore Supply**, as selectively mined high grade Goethite Ore for sale to established Kalgoorlie region Pressure Acid Leach ("PAL") plants, generating cash flow and operating scale metallurgical information; and for the longer term,
2. **Standalone nickel laterite plant**, treating Siliceous Ore for a future 40,000tpa nickel-in-intermediate product processing operation.

The Heron drilling database was completely re-structured and validated to facilitate Feasibility Study resource estimation. An independent audit has been completed, with Heron's procedures assessed positively. Resource estimation by an independent consultant is current, incorporating the databases accompanying the newly acquired resources.

- **Nickel Sulphide**

*Consideration is being given to merging the **Pioneer Nickel Limited** ("Pioneer") advanced stage nickel sulphide assets with those Regent Resources Limited ("Regent") tenements which contain confirmed nickel sulphide exploration targets.*

*In addition to the previously highlighted nickel sulphide intercepts at the Acra and Pioneer projects, field assessment of the Regent tenements has confirmed promising nickel sulphide prospectivity. Additionally, at **Yindarlgooda** there is a drill-defined gold resource and VMS gossans, and **Bungalbin** has significant iron ore resources. Helicopter reconnaissance with follow up vehicle-based sampling was completed at Bungalbin, confirming three drill-ready iron ore resource targets, as well as olivine adcumulate nickel targets.*

Discussions are current with a third party interested in acquiring selected Pioneer nickel sulphide exploration projects through the issue of vendor shares to Heron.

- **Gold and Base Metal Sulphide**

Four new gold joint ventures with aggregate earn-in expenditure of \$1.25 million commenced. Several drill-defined gold resources with production potential will be evaluated.



1. SUMMARY

Heron Resources Limited

- Heron has completed a tenement acquisition and rationalisation program within the Walter Williams Formation (“WWF”) ultramafic lithology in the Siberia-Goongarrie-Menzies-Comet Vale district, the focus for the **North Kalgoorlie Nickel Project** (“NKN Project”).
- Heron continues to investigate **Ore Supply** mechanisms outside of the NKN Project. Discussions exploring the potential viability of processing Goongarrie ore through the Murrin Murrin Nickel Laterite treatment facility have re-commenced. Discussions also continue with regard to Ore Supply to the Cawse treatment facility.
- Nickel sulphide and laterite drill exploration has continued during the June 2003 Quarter, with Screen-Upgrade Siliceous Ore defined at **Mineral Patch Hill**. Stratigraphic drill mapping of the Mineral Patch Hill olivine adcumulate complex has confirmed strong geological similarities to the Honeymoon Well nickel sulphide system, notably the identification of significant PGM levels, these being nickel sulphide pathfinder elements. The Mineral Patch Hill laterite resource drilled to date is **7.5 million tonne at 0.8% Ni** at a 0.75% Ni cut-off.
- During the Quarter, Heron completed a Convertible Note issue as a mezzanine capital raising of \$546,000. Each Note has a \$0.14 per Share conversion option by the Lenders at any time during the next twelve months. The funds are for additional working capital related to the recent WWF resource acquisitions.

Pioneer Nickel Limited

- With the large number of recent Heron nickel laterite acquisitions, the Pioneer-Regent IPO process has needed to take a subordinate priority.
- Heron Exploration Manager David Crook is managing the IPO processes, and has been appointed as the CEO designate of the Pioneer demerger vehicle.
- The advanced stage nickel sulphide drilling targets at **Acra** and **Pioneer** and “walk-up” soil Cu-Ni-PGM geochemical drill targets at **Higginsville** are likely to be merged with the former Regent Yindarlgooda and Bungalbin projects to form a focussed nickel sulphide IPO, supplemented with Regent gold, iron ore and VMS exploration prospects.
- Comprehensive databases were acquired and literature reviews completed for the Yindarlgooda VMS and Bungalbin iron ore projects. These have significant komatiite lava flow development, and persistent exhalative sulphides within the felsic successions that host the komatiites (including extensive VMS gossan development at Yindarlgooda). From literature reviews, there is an absence of modern ElectroMagnetic (“EM”) surveying of the favourable komatiite contact zones, which represent excellent first stage exploration targets.

Regent Resources Limited

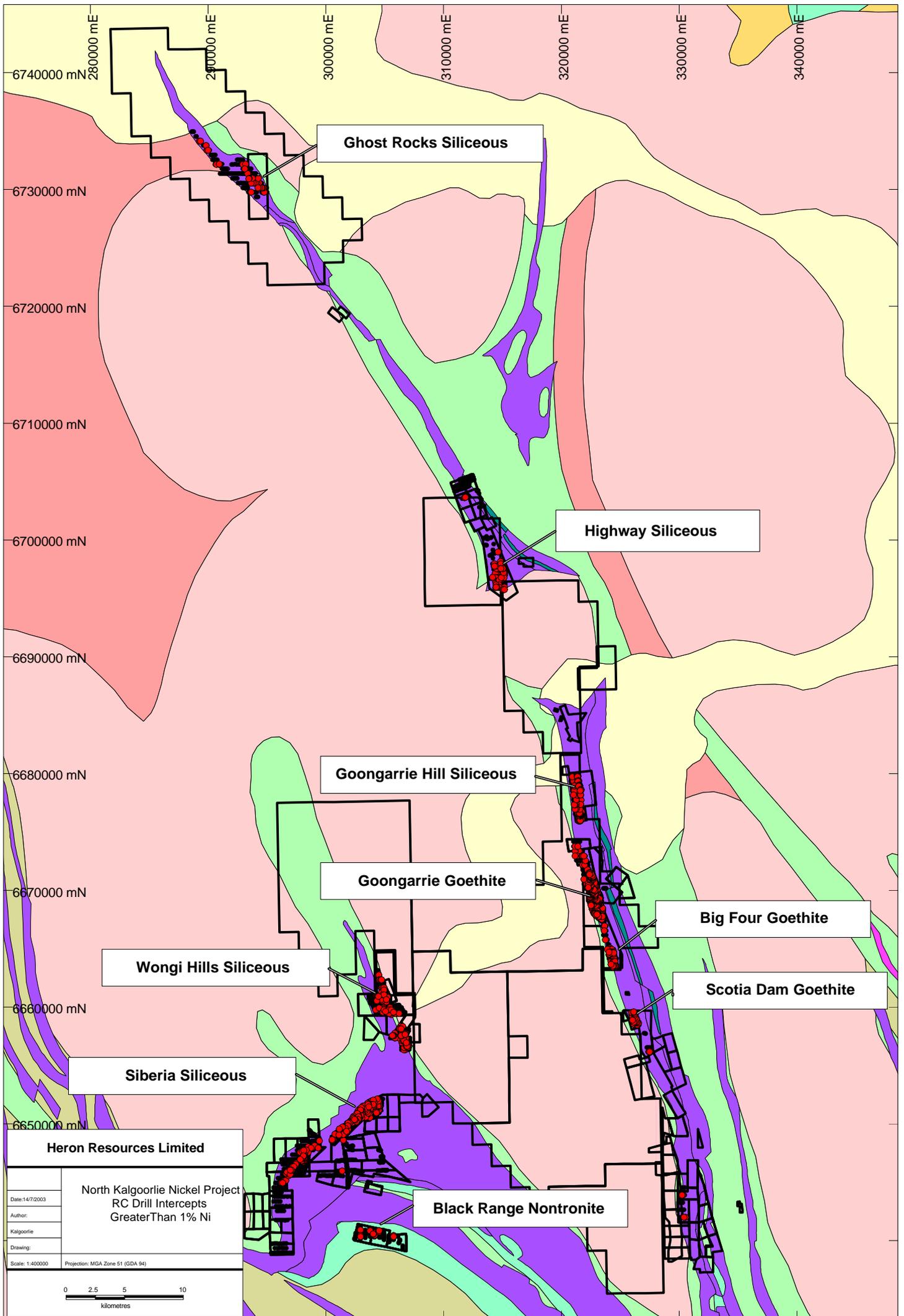
- Purchase was finalised of additional gold rights covering historic lines of lodes at and adjoining the Windanya, Vetersburg, Goongarrie Lady and Baden Powell gold mining centres within the Bardoc Tectonic Zone. Regent now holds drill confirmed gold resources at Goongarrie Lady and Baden Powell.
- Having successfully acquired the above gold mining centres, further local gold assets (in one instance, containing a significant drill-proven, near-production gold resource) are being sought for purchase by Regent. Offers have been lodged and outcomes are awaited.
- Discussions are current in respect of exchanging certain Regent gold assets for third party nickel laterite assets.

NICKEL LATERITE RESOURCE INVENTORY, HERON RESOURCES LIMITED
30 June 2003

Table 1							
NON-DILUTED INFERRED AND INDICATED MINERAL RESOURCE INVENTORY, 0.50% NI CUT-OFF							
Project	Ore Type	SG	mill tonne	Ni%	Co%	Ni Tonnes	Co Tonnes
Goongarrie	Goethite	1.20	97.0	0.84	0.07	819,299	68,458
Goongarrie	Siliceous	1.60	111.3	0.73	0.04	810,599	42,440
Siberia	Siliceous	1.60	121.1	0.73	0.04	879,824	53,164
Siberia	Nontronite	1.60	22.7	0.77	0.11	175,867	23,870
Ghost Rock	Siliceous	1.60	39.7	0.75	0.05	296,867	20,452
Kalpini	Siliceous	1.60	79.9	0.81	0.05	648,178	40,412
Kalpini	Nontronite	1.60	16.1	0.74	0.05	119,465	8,779
NORTH KALGOORLIE			487.9	0.77	0.05	3,750,099	257,575
Gindalbie East	Siliceous	1.60	14.6	0.64	0.05	93,096	6,782
Lake Rebecca	Nontronite	1.60	21.6	0.94	0.05	202,872	11,870
Yerilla	Nontronite	1.60	23.0	0.81	0.06	186,472	13,495
Laverton	Siliceous	1.60	22.2	0.70	0.05	154,864	10,677
OTHER			81.3	0.78	0.05	637,304	42,824
TOTAL			569.2	0.77	0.05	4,387,403	300,399

Table 2							
NON-DILUTED INFERRED AND INDICATED MINERAL RESOURCE INVENTORY, 0.75% NI CUT-OFF							
Project	Ore Type	SG	mill tonne	Ni%	Co%	Ni Tonnes	Co Tonnes
Goongarrie	Goethite	1.20	50.6	1.07	0.10	543,300	49,049
Goongarrie	Siliceous	1.60	27.0	1.05	0.07	283,065	18,277
Siberia	Siliceous	1.60	44.5	0.99	0.06	440,834	27,804
Siberia	Nontronite	1.60	9.6	1.01	0.16	97,265	15,339
Ghost Rock	Siliceous	1.60	15.3	1.01	0.07	154,639	11,021
Kalpini	Siliceous	1.60	34.3	1.08	0.07	371,814	23,938
Kalpini	Nontronite	1.60	6.3	0.94	0.08	59,561	5,303
NORTH KALGOORLIE			187.6	1.04	0.08	1,950,477	150,731
Gindalbie East	Siliceous	1.60	4.1	0.88	0.08	35,615	3,115
Lake Rebecca	Nontronite	1.60	13.6	1.13	0.07	153,746	9,698
Yerilla	Nontronite	1.60	12.1	0.99	0.08	119,843	9,742
Laverton	Siliceous	1.60	7.5	0.84	0.05	63,628	3,665
OTHER			37.4	1.00	0.07	372,831	26,220
TOTAL			224.9	1.03	0.08	2,323,309	176,951

Table 3							
NON-DILUTED INFERRED AND INDICATED MINERAL RESOURCE INVENTORY, 1.0% NI CUT-OFF							
Project	Ore Type	SG	mill tonne	Ni%	Co%	Ni Tonnes	Co Tonnes
Goongarrie	Goethite	1.20	25.4	1.29	0.13	327,411	32,419
Goongarrie	Siliceous	1.60	13.5	1.28	0.09	173,101	11,896
Siberia	Siliceous	1.60	13.4	1.30	0.08	174,690	10,646
Siberia	Nontronite	1.60	3.7	1.29	0.20	47,053	7,490
Ghost Rock	Siliceous	1.60	5.7	1.29	0.10	73,141	5,554
Kalpini	Siliceous	1.60	16.0	1.35	0.09	216,005	14,756
Kalpini	Nontronite	1.60	1.5	1.18	0.13	18,128	1,989
NORTH KALGOORLIE			79.2	1.30	0.11	1,029,529	84,750
Gindalbie East	Siliceous	1.60	0.7	1.09	0.11	7,884	795
Lake Rebecca	Nontronite	1.60	8.3	1.30	0.09	107,717	7,238
Yerilla	Nontronite	1.60	3.8	1.28	0.11	48,468	4,350
OTHER			12.8	1.28	0.10	164,069	12,382
TOTAL			92.0	1.30	0.11	1,193,598	97,132



Heron Resources Limited	
North Kalgoorlie Nickel Project RC Drill Intercepts Greater Than 1% Ni	
Date: 14/7/2003	
Author:	
Kalgoorlie	
Drawing:	
Scale: 1:400000	Projection: MGA Zone 51 (GDA 94)

2. OPERATIONS REVIEW

2.1 KALGOORLIE NICKEL PROVINCE

2.1.1 North Kalgoorlie Nickel Project (“NKN Project”)

Heron 100%.
Nickel - gold.

Communication between Heron and Jinchuan continues, but with Heron’s operational emphasis during the Quarter being on resource acquisition, data base validation and consideration of Ore Supply to Murrin Murrin.

Ore Supply

Ore supply discussions continue with the Anaconda-Glencore Murrin Murrin and OMG Cause Nickel Laterite operations. A site visit was completed with Anaconda Nickel Limited personnel, to evaluate potential Ore Supply operational matters. A trial pit design was completed for the central Pamela Jean Zone, planned to extract 34,000 tonne at 1.5% Ni and 0.12% Co.

Standalone Operation

The Heron resource target is 100 million tonne of Leach Feed, for a standalone operation such as that envisaged for the NKN Project with a mill capacity of 4 mtpa Leach Feed over a 25 year project life. The current NKN Project diluted polygonal Inferred Mineral Resource, presuming screening of Siliceous Ore, now exceeds **130 million tonne at 1.3% Ni** at a 1% Ni cut-off Leach Feed Grade. Minimum ore width is 2m, with a 1m dilution selvedge at a nominated diluent grade of 0.5% Ni, for an effective 4m minimum mining width.

An independent mining consultancy has appraised the NKN database, and concluded that Heron’s electronic database structure is best practice and captures all necessary information for resource estimation and qualification purposes. The consultant concurs with Heron’s move to a normalised data structure for reasons of efficient data storage and to accommodate the exceptionally large number of assay attributes in the Heron nickel drilling datasets. **All independent audit testing has demonstrated that Heron’s database is populated with correct and well-controlled data.**

The Heron **Siberia Prospect** has been further expanded by recent acquisitions of Walter Williams Formation (“WWF”) Siberia tenements from Centaur Mining & Exploration Ltd (Receivers and Managers appointed) and Anaconda Nickel Limited. Interpretation of Heron and previous tenement holder’s drilling results has generated an Inferred Mineral Resource of **54.1 million tonne at 1.0% Ni** at a 0.75% Ni cut-off, occurring predominantly as Screen-Upgrade Siliceous Ore.

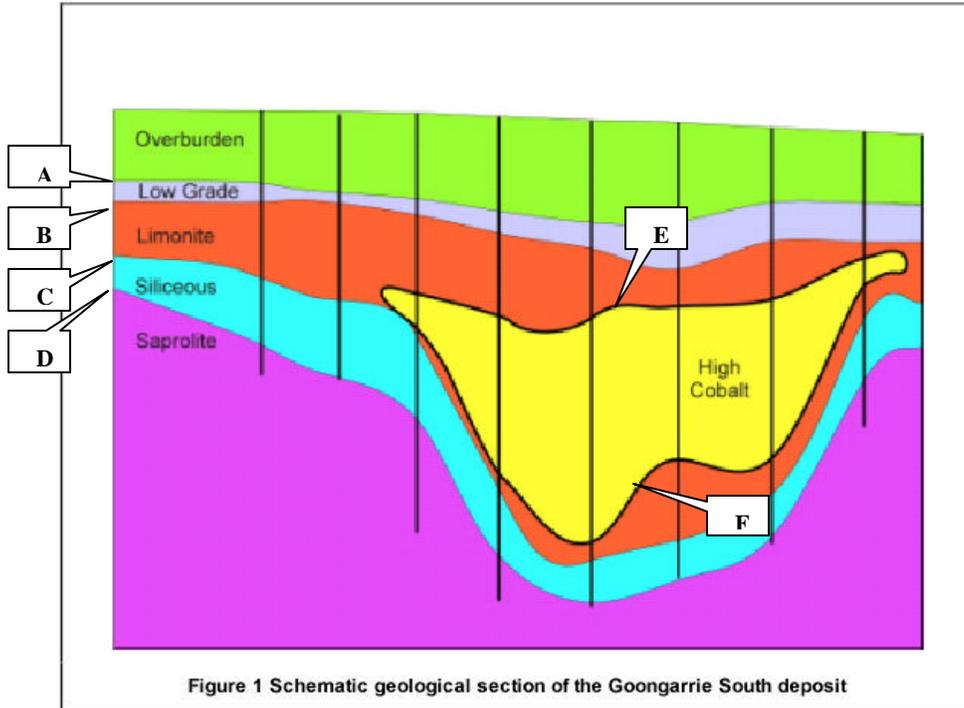
Resource estimation at the **Windanya-Blue Dam Prospect** was completed, with an Inferred Mineral Resource of **0.7 million tonne at 1.26% Ni** at a 0.75% Ni cut-off.

North Kalgoorlie Nickel Project Resource Estimation

As part of recommendations by the Company’s independent consultant, the Goongarrie ore model has been refined, with five geological domains now being utilised. These are, from surface:

1. Barren overburden of gravel and transported clay (Heron regolith codes AS, AC).
2. Upper low grade nickel domain characterised by pisolitic limonite and moderately elevated silica (Heron regolith codes LF, LS).
3. Goethite domain ROM ore characterised by ferruginous clay, low silica, high grade nickel and cobalt, high iron and aluminium, and low grade magnesium (Heron ore/regolith code CUF).
4. Core of high cobalt grade mineralisation wholly within the goethite domain, that is also characterised by pyrolusite and elevated manganese (Heron ore/regolith code CUP).
5. Siliceous zone characterised by elevated silica, depleted iron and aluminium, lower grade nickel and cobalt, and moderate to high magnesium (Heron ore/regolith code CUS).
6. Saprolite zone olivine cumulate basement with low grade nickel and cobalt, and very high magnesium (Heron regolith code SAP).

These domains are depicted schematically in Figure 1 below. The domains bounding the goethite-limonite domain (Low Grade and Siliceous) have drill tested potential for screen beneficiation.



The Pamela Jean Zone has had all drill holes tagged at the various surface points, to facilitate the creation of surfaces ahead of the construction of a block model and resource calculation.

Field validation of Siberia drill sites was completed, to facilitate data merging with Heron regolith codes. Block modelling was completed for the Siberia Taipan and Siberia Tank projects acquired from Centaur Mining & Exploration Limited. At a 1% Ni cut-off grade, the consultant's block model estimate is 5.6 million tonne at 1.23% Ni, compared to Heron's polygonal undiluted estimate of 7.6 million tonne at 1.26% Ni. Allowing for the highly variable and non-systematic drill patterns from which the block model was derived, the resource reconciliation is acceptable.

2.1.2 Laverton Nickel Project

Heron 100%.
Nickel.

Mineral Patch Hill Prospect

A total of 12 vertical reverse circulation holes for 1,029m were drilled during the June Quarter.

The Mineral Patch Hill target is a Honeymoon Well-Mount Keith style disseminated nickel sulphide system occurring beneath a palaeo-channel cover. Honeymoon Well is a 10x1-3km olivine adcumulate complex containing 156mt at 0.7% Ni, with mineralisation dominantly at the basal adcumulate contact. Mount Keith is a 2x0.6km olivine ad-mesocumulate complex containing 459mt at 0.6% Ni, with mineralisation within a more central adcumulate lava flow channel. The recent Heron stratigraphic drilling at Mineral Patch Hill was aimed at mapping the adcumulate unit, confirming a geological target size of 7x0.7-1.4km, which is comparable to Honeymoon Well.

Most significantly, within lateritised adcumulate, there occurs anomalous PGMs of up to 177ppb Pt and 82ppb Pd associated with 0.04-0.1% Cu, which association is a nickel sulphide pathfinder.

2.2 KALGOORLIE GOLD PROVINCE

2.2.1 Gidgi Gold Joint Venture Project

Heron 100%. Jackson Gold Limited right to earn 70%.
Gold (- nickel). Heron retains all Nickel Rights.

Heron has concluded a new joint venture with Jackson Gold Limited ("Jackson") at Gidgi on the Boorara Shear Zone, whereby Jackson may earn a 70% interest in gold and silver minerals through expending \$300,000 within four years. Once Jackson earns its equity, Heron may at its sole discretion contribute on a pro-rata basis, or convert to a 20% free-carried equity to the completion of a Bankable Feasibility Study that recommends commencement of mining, or convert to a 2.5% royalty for recovered metal.

Jackson is currently drilling out significant gold resources on an adjoining tenement group.

2.2.2 King of Creation Gold Joint Venture Project

Heron 100%. Bronzewing Gold NL right to earn 70%.
Gold (- nickel). Heron retains all Nickel Rights.

The **King of Creation Prospect** is a partially mined open cut gold resource pegged by Heron in the course of its Laverton nickel project generation. A remnant gold resource outside the current pit has been estimated by a previous explorer at **124,000 tonne at 2.8g/t Au**. Bronzewing Gold, a local gold explorer, may earn a 70% interest in the Project through spending \$250,000. The joint venture will look to re-commence mining at the King of Creation pit.

2.2.3 Mount Catherine Gold Joint Venture Project

Heron 100%. Sons of Gwalia Limited right to earn 75%.
Gold - nickel. Heron retains all Nickel Rights.

Heron has concluded the terms for joint venture with Sons of Gwalia Limited ("SOG") whereby SOG may earn a 75% interest in gold and silver minerals through expending \$600,000 within four years. Once SOG earns its equity, Heron may at its sole discretion contribute on a pro-rata basis, or convert to a 15% free-carried equity to the completion of a Bankable Feasibility Study that recommends commencement of mining, or convert to a tonnage royalty.

The **Banjo, Yarri and Nils Desperandum** gold resources are included in the joint venture, providing Heron with an opportunity for gold production income through the SOG Carosue plant.

2.2.4 Perseverance Well Joint Venture Project

Heron 100%. Image right to earn 75%.
Gold - nickel.

Heron has concluded a joint venture with Image Resources NL ("Image") whereby Image may earn a 75% interest in all minerals from Heron's Perseverance Well Project through expending \$100,000 within four years.

The project is located 65km WNW of Laverton and covers a portion of the Mount Zephyr-Mount Morgans greenstone belt.

Image has completed a 40 line-km ground magnetic survey over a colluvium-covered aeromagnetic target area. The survey confirmed the presence of a buried magnetically complex circular feature of some 600m in diameter. No outcrop was observed during the survey, and several magnetic/structural targets that warrant drill source testing have been defined.

2.3 PIONEER NICKEL LIMITED INITIAL PUBLIC OFFER

The de-merger of Heron's nickel sulphide assets into a new public company, **Pioneer Nickel Limited** is continuing. Pioneer's aim is to acquire, explore for and develop Archaean nickel sulphide resources within the Eastern Goldfields of Western Australia.

2.3.1 Acra Nickel Project

Pioneer 100%.

Nickel - gold. Heron retains all Nickel Oxide and Laterite Rights.

Previous drilling has identified nickel sulphide mineralisation over a 1km strike length along the eastern basal contact of an olivine orthocumulate flow unit. Mineralisation as previously intersected is generally broad, low grade disseminated nickel sulphide, although a narrow zone of massive violerite-pyrite chalcopyrite was intersected in previous diamond drill hole AD-04. Significant nickel sulphide drill assay results include:

- 21.0m at 0.53% Ni in AD-13.
- 18.0m at 0.63% Ni in ARC-3.
- 0.3m at 4.36% Ni in AD-04, occurring as massive sulphide.

A program of down-hole TEM and ground EM is planned to follow up these previous intercepts.

2.3.2 Pioneer Nickel Project

Pioneer 100%.

Nickel - gold. Heron retains all Nickel Oxide and Laterite Rights.

Pioneer Prospect

A detailed geological study has confirmed the Pioneer Prospect to be a high priority nickel sulphide target. Three separate sulphide-mineralised komatiite horizons are present, with the Western Ultramafic being highlighted for further exploration. Pioneer is finalising the acquisition of along strike extensions to the komatiites, which include known nickel sulphide mineralisation.

Higginsville Prospect

The Higginsville Prospect, located along the eastern, southern and western flanks of the Pioneer Dome, provides three immediate "walk-up" drill targets based on Ni-Cu-PGM soil geochemistry and geology, which are associated with the main Pioneer Dome nickel sulphide hosting komatiite unit.

2.3.3 Yindarlgooda Project

Pioneer 100%.

Nickel - gold - copper - zinc. Heron retains all Nickel Oxide and Laterite Rights.

Pioneer's exploration holdings extend between Carr Boyd in the north and Karonie in the south. Ground acquisition has specifically targeted "Silver Swan" style komatiite units which occur throughout sulphidic units, and accordingly are highly prospective for nickel sulphide mineralisation. Additionally, gold and VMS base metal mineralisation is extensively developed, hosted by the upper exhalative phase of a sulphidic felsic volcanic pile. Major sulphide gossan drill targets have been defined in Pioneer's literature review. TEM will be required prior to drill testing.

Numerous historical gold workings are present, including the Queen Lapage gold mining centre, with a gold resource estimated by a previous explorer at **130,000t at 4g/t Au**. A major deep RC drilling program is required to further develop this resource. The gold target style is footwall sericite alteration associated with VMS systems, which is more characteristic of the Canadian Archaean rather than Eastern Goldfields of Western Australia.

2.3.4 Bungalbin Project

Pioneer 100%.

Nickel - iron ore - gold. Heron retains all Nickel Oxide and Laterite Rights.

Field work was completed during June 2003 to test targets generated through GIS studies, with initial reconnaissance made by helicopter due to the extensive nature of the defined targets, the rugged and inaccessible terrain, and the large extent of Pioneer's tenement holding.

The aerial reconnaissance has identified three excellent Algoma-style in-situ **Iron Ore** occurrences and a moderately widespread kanga deposit (proximal transported and enriched iron ore).

Surface rock chip traverses from the sampling program returned:

Deposit Location	Iron Ore Type	Fe %	SiO2 %	P %	Strike Sampled	Samples
1	In Situ	60.1	3.04	0.10	250m	6
2	In Situ	55.1	2.18	0.15	180m	4
3	In Situ	61.2	4.20	0.05	100m	2
4	Kanga	56.9	4.50	0.04	500m	7

Deposits 1-4 above have a potential iron ore resource of up to 13 million tonne, which is ready to be quantified by systematic RC drilling. Several lower priority iron ore target areas were also identified. The overall resource could support a significant iron ore shipping operation. The immediate project area has well developed transport infrastructure.

2.3.5 Maggies Hays Hill Joint Venture Project

Pioneer 100%. LionOre right to earn 70%.

Nickel - gold .

The Maggie Hays Hill joint venture project consists of one tenement application covering 81km² located 140km SE of Southern Cross within areas of current gold and nickel sulphide mining.

Heron on behalf of Pioneer has entered into an agreement with LionOre Australia (Nickel) Limited ("LionOre") whereby LionOre may earn a 70% interest in all minerals from Heron's Maggie Hays Project through expending \$200,000 within four years. The project was presented to LionOre with two nickel sulphide targets defined for further evaluation.

2.3.6 Silver Swan Extended Project

Pioneer 100%.

Nickel - gold.

The Silver Swan Extended project area is located immediately northwest along strike from the Silver Swan and Black Swan nickel sulphide mine and exploration resources. The project area contains ultramafic channels and flows to the west of the regional Moriaty Shear, considered the domain boundary for the ultramafic stratigraphy hosting Silver Swan. Additionally, the project area represents the eastern fold repetition across the Scotia-Kanowna Dome of the komatiite sequence which hosts the historic Scotia nickel sulphide mine.

Data reviews for the project area record that historical nickel exploration, generally prior to 1980, has included gossan searches, geochemistry, RAB drilling, ground magnetics and IP surveys. Gossans were recognised during the "Nickel Boom" within the Silver Swan Extended project area, with values to 1% Ni recorded. Systematic EM survey of these targets is required.

2.4 REGENT RESOURCES LIMITED

Review of potential cash flow gold projects suitable for inclusion in a Regent IPO are on-going. Various offers have been submitted by Regent and outcomes are awaited.

2.4.1 Bardoc Tectonic Zone Gold Project

Regent 100%.

Gold. Heron retains all Nickel Rights.

Regent is to acquire gold and silver rights over Heron's non-nickel laterite resource tenements which are associated with the Bardoc Tectonic Zone ("BTZ"), mainly between Windanya and Ghost Rocks, located 50 to 160km NNW of Kalgoorlie. Heron will retain specific access and infrastructure rights on the ground to be transferred to Regent, to ensure that there will be no future restriction to Heron's proposed nickel laterite mining activities. Due to the geological separation of nickel laterite and gold mineralisation, such retained rights by Heron will have no material impact on Regent's exploration activities.

The Bardoc Tectonic Zone is part of the Boorara-Menzies and Boulder-Lefroy fault systems, one of the major structures controlling gold mineralisation in the Eastern Goldfields. Gold mining centres from south to north that occur within the BTZ and associated splays include Paddington, Broad Arrow, Wendy Gully, Windanya, Bardoc, Baden Powell, Goongarrie, Comet Vale, Menzies and Ghost Rocks.

Heron has been able to amalgamate previously disparate gold holdings, as a by-product of its NKN Project nickel laterite resource acquisitions.

2.4.2 Vettors East Gold Project

Regent 100%.

Gold. Heron retains all Nickel Rights.

A major tenement holding covering 140km² has been recently acquired through pegging, immediately adjoining the Mulgarrie-Golden Cities-Bardoc-Vettors gold mining centres. A substantial drill exploration data base relates to the project area, which will require detailed interpretation as part of Regent's target generation. The main target concept is palaeochannel gold of the Lady Bountiful Extended type, and initial work will focus on locating and mapping the extensive palaeochannel system which drains the BTZ and its extensive hard rock gold workings.

Regent's immediate hard rock gold target at Vettors East is the historic Rob Roy gold workings. These consist of massive quartz reef with historical production grade of 16g/t Au. The target is untested north and south along strike from Rob Roy. Soil sampling is planned by Regent.

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.



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 2003

Consolidated statement of cash flows

Cash flows related to operating activities	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	(379)	(1,343)
(b) development		
(c) production		
(d) administration	(72)	(412)
1.3 Dividends received		
1.4 Interest and other items of similar nature received	13	60
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material) – GST Paid	(26)	(32)
Net Operating Cash Flows	(464)	(1,727)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	(375)	(429)
(b) equity investment		
(c) other fixed assets		
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		7
1.12 Other (provide details if material)		
Net Investing Cash Flows	(375)	(422)
1.13 Total operating and investing cash flows (carried forward)	(839)	(2,149)

1.13 Total operating and investing cash flows (brought forward)	(839)	(2,149)
Cash flows related to financing activities		
1.14 Proceeds from the issue of shares, options, etc.		522
1.15 Proceeds from the sale of forfeited shares		
1.16 Proceeds from borrowings	200	200
1.17 Repayment of borrowings		
1.18 Dividends paid		
1.19 Other (provide details if material)		
Net financing cash flows	200	722
Net increase (decrease) in cash held	(639)	(1,427)
1.20 Cash at beginning of quarter/year to date	1,339	2,127
1.21 Exchange rate adjustments		
1.22 Cash at end of quarter	700	700

**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	110
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 office accommodation by director-related entity (A\$15,000).
Provision of legal advice by director-related entity (A\$21,000).

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

Nil

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	433	142
5.2 Deposits at call	207	1,146
5.3 Bank Overdraft		
5.4 Other (provide details) Environmental bonds	60	51
Total: cash at end of quarter (Item 1.22)	700	1,339

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.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during Quarter (a) Increases through share issues (b) Decreases through returns of capital, buybacks, redemptions				
7.3 Ordinary securities	108,408,727	108,408,727		
7.4 Changes during Quarter (a) Increases through share issues (b) Decreases through returns of capital, buybacks	50,000	50,000		
7.5 Convertible debt securities (description)				
7.6 Changes during Quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)			<i>Exercise Price</i>	<i>Expiry Date</i>
	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
	350,000	Nil	\$0.30	23/04/2006
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)	26	0		

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 ("Portman") 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 ("Mount Burgess") 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 ("Ramelius") 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. LionOre Australia (Nickel) Limited ("LionOre") may earn a 70% interest in all minerals from Heron's Maggie Hays Project through expending \$200,000 within four years. Once LionOre earns its equity, Heron may at its sole discretion convert to a 20% free-carried equity to the completion of a Bankable Feasibility Study that recommends commencement of mining.
5. Image Resources NL ("Image") may earn a 75% interest in all minerals from Heron's Perseverance Well Project through expending \$100,000 within four years.
6. Sons of Gwalia Limited ("SOG") may earn a 75% interest in precious metals from Heron's Mount Catherine Project through expending \$600,000 within four years.
7. Bronzewing Gold NL ("Bronzewing") may earn a 70% interest in precious metals from Heron's King of Creation Project through expending \$250,000 within four years.
8. Jackson Gold Limited ("Jackson") may earn a 70% interest in gold and silver minerals through expending \$300,000 within four years. Once Jackson earns its equity, Heron may at its sole discretion contribute on a pro-rata basis, or convert to a 20% free-carried equity to the completion of a Bankable Feasibility Study that recommends commencement of mining, or convert to a 2.5% royalty for recovered metal.

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

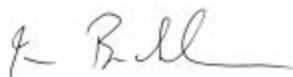
<i>Tenement</i>	<i>Nature of Interest</i>	<i>% Begin Quarter</i>	<i>% End Quarter</i>
E25/00289	Registered Applicant	100	0
E25/00291	Registered Applicant	100	0
E27/00188	Registered Applicant	100	0
E28/00528	Registered Applicant	100	0
E29/00433	Registered Holder	100	0
E37/00726	Registered Applicant	100	0
P25/01756	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>
E15/00804	Registered Applicant	0	100
E15/00805	Registered Applicant	0	100
E15/00807	Registered Applicant	0	100
E16/00299	Registered Applicant	0	100
E25/00291	Registered Applicant	0	100
E25/00293	Registered Applicant	0	100
E25/00294	Registered Applicant	0	100
E28/01341	Registered Applicant	0	100
E28/01349	Registered Applicant	0	100
E28/01350	Registered Applicant	0	100
E28/01351	Registered Applicant	0	100
E29/00544	Registered Applicant	0	100
E38/01579	Registered Applicant	0	100
E40/00202	Registered Applicant	0	100
E63/00849	Registered Applicant	0	100
P29/01535	Registered Holder	0	100
P29/01536	Registered Holder	0	100
P31/01680	Registered Applicant	0	100

Compliance Statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act 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: _____
Director

Date: 29/07/03

Print name: Ian Buchhorn

Notes

1. The Quarterly Report is to provide a basis for informing the market how the entity's activities have been financed for the past Quarter and the effect on its cash position. An 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. **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.