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31 October 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 SEPTEMBER 2003

QUARTER HIGHLIGHTS

• **Nickel Laterite**

*Heron Resources Limited ("Heron") has consolidated its non-screened Nickel Laterite resource at **225 million tonne at 1.03% Ni and 0.08% Co** using a 0.75% Ni cut-off grade.*

The Company has actively pursued advanced stage nickel acquisition opportunities during the Quarter, completing detailed due diligence studies. These ultimately are aimed at expediting the development of the North Kalgoorlie Nickel Project. A Corporate Adviser has been retained to assist in these strategies, including accessing international funding markets.

Working capital of \$2.3 million was raised during the Quarter as an underwritten Shareholder entitlements issue, to assist with the acquisition strategies, and allow commencement of systematic resource drilling of recently acquired properties between Comet Vale and Menzies, within the North Kalgoorlie Nickel Project.

• **Nickel Sulphide**

*A prospectus for **Pioneer Nickel Limited** ("Pioneer"), being a demerger of various Heron nickel sulphide assets, was lodged with ASX on 17 October 2003. Listing of Pioneer on ASX is planned for early December 2003. The entire IPO process was started and completed during the September 2003 Quarter. Heron Shareholders as at a 28 October 2003 record date have received at no cost 1 Pioneer share for every 8.569 Heron Shares they hold, as an in specie distribution. These in specie shares are being held in trust by Heron for between 6 and 24 months, prior to being distributed.*

Additionally, Heron Shareholders as at the 28 October 2003 record date have received a priority right to apply for Pioneer shares on a 1 Pioneer share for every 5 Heron Share basis. Prospectuses were mailed to Heron Shareholders in late October 2003.

Heron staff were responsible for the majority of the Pioneer tenement acquisition work, in-house prospectus preparation and various corporate requirements. Additionally, field programs were completed by Heron ahead of Pioneer's listing, to enable drilling to commence at Pioneer's Acra Project very shortly after listing.

• **Gold and Base Metal Sulphide**

*Offers for advanced stage gold properties were made during the Quarter, on behalf of Heron's wholly owned subsidiary **Regent Resources Limited** ("Regent"). Additionally, one of the properties sought has Nickel Laterite resource potential, which Heron will retain in the event of a successful bid. The outcome of the various offers is awaited. The target projects are envisaged as potential leading properties for the Regent IPO, planned for early 2004. Preparation of the Regent prospectus has commenced. It is intended that Heron Shareholders have priority entitlements in respect of the proposed Regent IPO.*



1. SUMMARY

Heron Resources Limited

- Heron has continued to pursue tenement acquisition opportunities 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”). As well as having resource potential, the tenements potentially improve future mine infrastructure.
- Feasibility work aimed at upgrading the technical status of the Kalpini Project commenced during the Quarter. Drill hole collars for a major program of in-fill RC drilling at Kalpini Zones 1 to 4 are being surveyed. Initial metallurgical sampling of various ore types was completed, specifically aimed at assessing blended ore feeds. The suitability of magnesite resources at Kalpini Zone 2 as a Pressure Acid Leach (“PAL”) neutraliser is being evaluated.
- Additionally, Heron is investigating Ore Supply mechanisms outside of the standalone NKN Project. Discussions exploring the potential viability of processing ore through the Murrin Murrin, Cawse and other nickel treatment facilities continue.
- During the Quarter, Heron completed an underwritten pro-rata entitlements issue at \$0.14 per Share, representing a discount of 20% on the then Share price. The issue closed oversubscribed on 14 October 2003, raising \$2,272,322.
- During the Quarter, all Noteholders from the July 2003 issue elected to convert their Notes to equity at \$0.14 per Share, cancelling \$546,000 in debt.
- Heron presented a technical paper at the Sixth Annual World Nickel Congress in Sydney in September 2003. There has been a noticeable increase of corporate interest in the NKN Project following the presentation, and discussions are current with parties aimed at progressing the NKN Project feasibility study, including sourcing off-shore funding.

Pioneer Nickel Limited

- There essentially has been no modern nickel sulphide exploration on the Pioneer IPO tenement portfolio. Pioneer’s strategy is to be the first company, starting December 2003, to complete systematic ground EM with follow up diamond drilling and down-hole EM survey on ground that has been virtually unexplored for nickel since the 1970s “Nickel Boom”.
- Following lodgement of its prospectus, the demand for Pioneer share allocations has been strong, with the IPO at this stage being very well supported.
- Pioneer has commenced staff recruitment and setting up its exploration operating systems, for planned commencement of field programs in December 2003. Statutory drilling applications are in preparation. Office accommodation and contractors are being sourced.

Regent Resources Limited

- Now that Heron’s role in the Pioneer IPO has been successfully completed, strategies for listing Regent are being finalised. Recruitment of key personnel has commenced, and discussions initiated with a potential CEO who will coordinate the IPO process.
- Regent holds drill confirmed gold resources covering historic lines of lodes at Windanya, Baden Powell and Goongarrie Lady within the Bardoc Tectonic Zone (“BTZ”). Additionally, advanced stage multi-commodity projects are currently the subject of full due diligence.
- Field exploration commenced at the Yindarlgooda Dome Project, targeting Volcanogenic Massive Sulphide (“VMS”) mineralisation. As well as having base metal prospectivity, the project represents a potential sulphuric acid source for the local Nickel Laterite industry.

2. OPERATIONS REVIEW

2.1 KALGOORLIE NICKEL PROVINCE

North Kalgoorlie Nickel Project (“NKN Project”)

Ore Supply

Ore supply discussions continue with the Anaconda-Glencore Murrin Murrin and OMG Cawse Nickel Laterite operations.

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.

2.1.1 Goongarrie Nickel Project

Heron 100%.

Nickel - gold.

Goongarrie Hill Prospect

During the Quarter screen upgrade analysis based on bottle roll assays from composite RC screen samples was completed. RC drilling at Goongarrie Hill had previously demonstrated the presence of predominantly Cawse style upgradeable Siliceous Ore developed over a 5km strike length from an olivine adcumulate komatiite precursor rocktype.

A distinctive feature of upgradeable Siliceous Ore is that the grade of the fine clay fraction is always higher than the grade of the bulk material. By screening out the barren coarse silica, a “beneficiated” product is generated with a higher nickel and cobalt grade as illustrated below.

Goongarrie Hill RC Drill Screen Upgrade						
	Ni Cut-off Grade					
	0.50%		0.75%		1.00%	
	Ni%	Co%	Ni%	Co%	Ni%	Co%
Unscreened Head Grade	0.68	0.047	0.91	0.067	1.23	0.058
Leach Feed Grade after Screening	1.02	0.068	1.31	0.092	1.68	0.081
Screened Ore Mass Recovery	52	52	54	54	58	58
Element Upgrade %	50	51	44	46	38	42
Metal Recovered %	75	76	76	77	78	79

Even high grade ore has a significant upgrade of 38% for nickel and 42% for cobalt, which means Goongarrie Hill is amenable to low cost bulk mining with minimal grade control. The higher Leach Feed Grades can potentially have a dramatic impact on future cash flow.

2.1.2 Siberia Nickel Project

Heron 100%.

Nickel - gold.

Siberia Prospect

Field validation and interpretation of drill data generated was completed, to facilitate data merging with Heron regolith codes within the Heron data base.

Analysis of ore zone geochemistry in conjunction with re-logging of drill holes indicates that the nickel mineralisation at Siberia is associated with a redox weathering front, with the mineralised resource types being predominantly goethitic clay with bands of massive silica (Heron CUS ore type, amenable to upgrade), and quartz-magnesite-chlorite ore (Heron CLS ore type).

The oxide profile generally averages 60m in depth and typically shallows southwards towards the upper stratigraphic contact of the WWF. Bedrock lithologies are predominantly olivine mesocumulates with minor adcumulate and orthocumulate horizons.

Mineralisation trends northeast parallel to the underlying lithologies and extends the 12km strike length of the project area. Depth to the top of the 0.5% Ni envelope averages 23m with an average ore thickness of 11m and ranges from 300m to 900m in width. Heron's studies confirm the Siberia mineralisation is amenable to bulk mining and screen upgrade.

Cave Hill Prospect

Additional tenements were acquired at Cave Hill during the Quarter. The tenements consolidate Heron's ground position in the Siberia region.

The Cave Hill area is interpreted to be underlain by komatiitic ultramafic flow units, but from available data, there has not been any drill testing for Nickel Laterite mineralisation. Exploration along strike to the north has shown the presence of weathered olivine orthocumulate of the Siberia Formation. This unit is known to host significant Nickel Laterite mineralisation elsewhere within the district.

A high order gold target has been identified to the southwest of Cave Hill, from previous soil sampling on Heron tenements P24/3189 and 3587. Gold mineralisation is associated with the Ora Banda Sill, and is also focussed at the intersection of lithological contacts and cross cutting brittle faults. Differential movement along the Siberia Komatiite - Walter Williams Formation litho-contact during folding appears to have generated the dilatational zones which host the known gold mineralisation. The Cave Hill gold target is associated with a prominent NW orientated fault zone.

The defined gold-in-soil anomaly is coherent at a 40ppb Au contour, and has a peak value of 141ppb Au with a strike of approximately 700m. To date, no drilling data has been located within this target zone. The Prospect is likely to be assigned to Regent for its gold exploration.

2.1.3 Highway Nickel Project

Heron 51%.
Nickel.

Highway Prospect

A 3,300m RC drill program has been designed, based on a 400x80m pattern over 14 drill lines targeting previous high-grade Nickel Laterite intercepts and high intensity magnetic anomalies. A Ground Disturbance Application ("GDA") has been submitted to the Department of Industry and Resources ("DoIR") to secure permission to drill.

2.1.4 Highway Nickel Project

Heron 87.5%.
Nickel - gold.

Highway Extended Prospect

A 3,300m RC drill program has been designed, based on a 400x80m pattern over 10 drill lines targeting previous high-grade Nickel Laterite intercepts. A GDA has been submitted to the DoIR to secure permission to drill.

2.1.5 Kalpini Nickel Project

Heron 100%.

Nickel - gold.

Acra North to Wellington East Prospects

A 3,350m RC drill program incorporating an infill 80x40/20m pattern over 11 drill lines targeting previous high-grade Nickel Laterite intercepts has been designed, primarily focussed on the Acra North Prospect (Zones 1 and 2) and Wellington East Prospect (Zone 4). The drill samples will be used for preparing bulk metallurgy composites for ongoing Kalpini feasibility studies. A GDA has been submitted to the DoIR Kalgoorlie branch to secure permission to drill, with the program scheduled for completion during the December 2003 Quarter.

2.1.6 Laverton Nickel Project

Heron 100%.

Nickel.

Mineral Patch Hill Prospect

The Mineral Patch Hill target is a Honeymoon Well style nickel sulphide system occurring beneath a palaeo-channel cover. The recent Heron stratigraphic drilling at Mineral Patch Hill aimed at mapping the adcumulate unit, and confirmed a geological target size of 7x0.7-1.4km, which is comparable to Honeymoon Well. The specific Heron target is "Wedgetail" style remobilised massive nickel sulphide, associated with the margins of the Mineral Patch Hill Complex.

Most significantly, Heron's drilling has identified anomalous PGMs of up to 177ppb Pt and 82ppb Pd associated with 0.04-0.1% Cu within lateritised adcumulate. All anomalous Ni-Cu results from previous drillholes are being re-assayed for PGMs, to map the full extent of the PGM anomaly prior to conducting ground TEM aimed at locating nickel sulphide sources. Assay results are awaited.

2.2 KALGOORLIE GOLD PROVINCE

2.2.1 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** (55,000t at 2.0g/t Au), **Yarri** (240,000t at 2.6g/t Au) and **Nils Desperandum** (267,000t at 2.4g/t Au) gold resources are included in the joint venture, providing Heron with an opportunity for gold production income the SOG Carosue plant.

2.2.2 Perseverance Well Joint Venture Project

Heron 100%. Image right to earn 75%.

Gold - nickel.

The project is located 55km west of Laverton and covers a portion of the Mount Zephyr-Mount Morgans greenstone belt. Exploration activities reported by Image during the Quarter included a 13-hole, 381m single profile of scout RAB drilling completed across an annular magnetic feature some 1.5km in diameter, defined by a ground magnetic survey. The drilling encountered disseminated magnetite within granitic rocks. The sampling results have not indicated any significant gold values.

2.3 PIONEER NICKEL LIMITED INITIAL PUBLIC OFFER

Following de-merger approval at a general meeting of Heron Shareholders on 15 October 2003, various Heron nickel sulphide assets were transferred **Pioneer Nickel Limited**.

2.3.1 Acra Project

Pioneer 100%.

Nickel - gold. Heron retains all Nickel Laterite Rights.

Previous drilling has identified nickel sulphide mineralisation over a 500m strike length along the northern basal contact of an olivine orthocumulate flow unit. Although mineralisation as previously intersected is generally broad, low grade disseminated nickel sulphide, a narrow zone of massive violerite-pyrite chalcopyrite was intersected in previous diamond drill hole AD-04. Significant nickel sulphide drill assay results include:

- 70.5m at 0.44% Ni in AD-13.
- 18.0m at 0.63% Ni in ARC-03.
- 0.3m at 4.36% Ni in AD-04, occurring as massive sulphide.

Pioneer will drill first rank targets defined by DHTEM at Acra immediately upon listing in December 2003. Site investigation including the marking out of proposed drill hole collars has been completed. The initial drill holes are centred on previous drill holes ARC-02 and 04, where DHTEM anomalies consistent with the presence of massive sulphides have been identified. Pioneer's proposed drilling will be completed to at least 250m over a strike length of 300m, and holes re-logged with DHTEM to allow precise modelling of the existing DHTEM anomaly. These holes will also test for stratigraphic nickel sulphide mineralisation on the overturned basal komatiite contact.

Drilling is also planned for testing beneath massive mineralisation in AD-04 at Acra West, which will facilitate DHTEM surveying (no previous DHTEM has been done at Acra West). Prior to siting the drill hole, a 3-D model of the basal komatiite contact based on existing drilling will be finalised.

2.3.2 Pioneer Project

Pioneer 100%.

Nickel - gold. Heron Nickel Laterite Pre-emptive 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, correlating with the mine sequences at the Miitel, Redross and Mt Edwards nickel sulphide mines located to the north.

Geophysical consultants have been commissioned to undertake surface MLTEM surveys at Pioneer using 200m line spacing, including exploration east and west beyond the ultramafic contacts, which is required to locate structurally remobilised mineralisation. Initial programs will be at the JH Deposit (32,500t at 1.1% Cu and 0.7% Cu), testing for down plunge ore extensions.

2.3.3 Maggies Hays Lake Joint Venture Project

Pioneer 100%. LionOre right to earn 70%.

Nickel - gold.

The Maggie Hays Lake Joint Venture project covers 81km² located 140km SE of Southern Cross within an area of current gold and nickel sulphide mining. The project tenement was granted during the Quarter. LionOre will fully fund the initial exploration programs, which are to test previously defined EM anomalies with associated Ni-PGM RAB anomalies located 5km SE along strike of the Maggie Hays nickel sulphide mine.

2.4 REGENT RESOURCES LIMITED

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

2.4.1 Yindarlgooda Base Metal Project

Regent 100%.

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

Regent's exploration holdings extend between Carr Boyd in the north and Karonie in the south. 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.

2.4.2 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-resource nickel 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.

2.3.4 Bungalbin Iron Ore Project

Regent 100%.

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

Field work was completed during the Quarter 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 Regent's tenement holding. Interpretation of results was completed, and targets refined. The Project is currently subject to joint venture negotiations.



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 September 2003

Consolidated statement of cash flows

Cash flows related to operating activities	Current Qtr \$A'000	Year to Date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for: (a) exploration and evaluation	(388)	(388)
(b) development		
(c) production		
(d) administration	(122)	(122)
1.3 Dividends received	5	5
1.4 Interest and other items of similar nature received	5	5
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material) – GST Paid	(7)	(7)
Net Operating Cash Flows	(512)	(512)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	(21)	(21)
(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		
1.12 Other (provide details if material)		
Net Investing Cash Flows	(21)	(21)
1.13 Total operating and investing cash flows (carried forward)	(532)	(532)

1.13 Total operating and investing cash flows (brought forward)	(532)	(532)
Cash flows related to financing activities		
1.14 Proceeds from the issue of shares, options, etc.	441	441
1.15 Proceeds from the sale of forfeited shares		
1.16 Proceeds from borrowings	546	546
1.17 Repayment of borrowings	(641)	(641)
1.18 Dividends paid		
1.19 Other (provide details if material)		
Net financing cash flows	346	346
Net increase (decrease) in cash held		
1.20 Cash at beginning of quarter/year to date	700	700
1.21 Exchange rate adjustments		
1.22 Cash at end of quarter	514	514

**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).
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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

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	106	433
5.2 Deposits at call	323	207
5.3 Bank Overdraft		
5.4 Other (provide details) Environmental bonds	85	60
Total: cash at end of quarter (Item 1.22)	514	700

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	111,558,727	111,558,727		
7.4 Changes during Quarter (a) Increases through share issues (b) Decreases through returns of capital, buybacks	3,150,000	3,150,000		
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)	5	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

Tenement	Nature of Interest	% Begin Quarter	% End Quarter
E26/00080	Registered Applicant	100	0
E28/01297	Registered Applicant	100	0
E28/01311	Registered Applicant	100	0
E38/01579	Registered Applicant	100	0
E40/00140	Registered Applicant	100	0
E40/00141	Registered Applicant	100	0
E77/00975	Registered Applicant	100	0
E77/01123	Registered Applicant	100	0
E80/02955	Registered Applicant	100	0
E80/02956	Registered Applicant	100	0
E80/02957	Registered Applicant	100	0
E80/02963	Registered Applicant	100	0
E80/02964	Registered Applicant	100	0
P24/03275	Registered Holder	100	0
P24/03290	Registered Holder	100	0
P28/02898	Registered Holder	100	0
P29/01535	Registered Holder	100	0
P29/01535	Registered Holder	100	0
P29/01634	Registered Holder	100	0
P29/01635	Registered Holder	100	0

6.2 Interests in Mining Tenements acquired or increased

Tenement	Nature of Interest	% Begin Quarter	% End Quarter
E24/00133	Registered Applicant	0	100
E24/00134	Registered Applicant	0	100
E25/00295	Registered Applicant	0	100
E40/00204	Registered Applicant	0	100
M24/00481	Registered Applicant	0	100
M24/00587	Registered Applicant	0	100
M24/00658	Registered Applicant	0	100
M24/00659	Registered Applicant	0	100
M24/00660	Registered Applicant	0	100
M24/00661	Registered Applicant	0	100
M24/00663	Registered Applicant	0	100
M24/00664	Registered Applicant	0	100
M24/00665	Registered Applicant	0	80
M24/00685	Registered Applicant	0	100
M24/00686	Registered Applicant	0	100
M24/00690	Registered Applicant	0	100
M24/00883	Registered Applicant	0	100
M26/00780	Registered Applicant	0	100
P24/03144	Registered Holder	0	100
P24/03145	Registered Holder	0	100
P24/03146	Registered Holder	0	100
P24/03169	Registered Holder	0	100
P24/03179	Registered Holder	0	80
P24/03180	Registered Holder	0	80
P24/03181	Registered Holder	0	80
P24/03182	Registered Holder	0	80
P24/03183	Registered Holder	0	80
P24/03184	Registered Holder	0	80
P24/03186	Registered Holder	0	100

Tenement	Nature of Interest	% Begin Quarter	% End Quarter
P24/03276	Registered Holder	0	100
P24/03587	Registered Applicant	0	100
P24/03859	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: 31/10/03

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.