

28 May 2001

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

facsimile 1300 300 021

Dear Sir / Madam

GOONGARRIE NICKEL PROJECT

1. Drilling Results

Heron Resources Limited ("Heron") wishes to advise that the current Goongarrie Nickel Project RC drilling at the **Pamela Jean Zone** is returning intercepts of Nickel Laterite mineralisation which significantly exceed any previously announced results. Of interest, drill-holes GSRC 907 and 912 have reached depths of 124 metres, stopping in high grade ore (2.25% Ni and 1.93% Ni respectively):

GSRC 907	89m at 1.19% Ni and 0.13% Co from 35m, stopped in ore at 124m
GSRC 912	86m at 1.23% Ni and 0.08% Co from 38m, stopped in ore at 124m

The Pamela Jean Zone mineralisation as drilled to date has a N-S strike length of 840m from 68,840N to 69,680N, and is open both to the north and south. The width of mineralisation at a 1% Ni cut-off is 160-480m, typically 240m. Additional mineralised zones occur to the west, but are not yet closed off by drilling. The mineralisation is closed off to the east, with a barren un-weathered competent basalt.

Most significantly, from 69,520N to 69,680N, the mineralisation at a 1% Ni cut-off extends to vertical depths of 90-124m, termed the "Pamela Jean Deeps". At a 1% Ni cut-off, the "Deeps" currently has a 160m N-S strike length (open to the north), and is 80m wide.

The substantial depth of nickel mineralisation in the "Pamela Jean Deeps" corresponds to a localised and intense zone of deep weathering. Elsewhere in the Eastern Goldfields, such zones may occur as a result of acidic ground-waters in the weathering profile. The formation of intense weathering is favoured by the presence of sulphide minerals, and carbonate alteration and shearing. Heron will conduct a 160m deep RC drilling program to further elucidate the bedrock controls on mineralisation.

2. Mining Implications

From the current drilling, it is apparent that at a 1% Ni cut-off grade, the Pamela Jean Zone has excellent ore zone correlation, and will be amenable to low cost, large scale bulk mining. Grades exceeding 1.5% Ni occur at depths as shallow as 16m, and ore thicknesses at a 1% Ni cut-off often exceed 40m, so stripping ratios at high grades are very low compared to operating Eastern Goldfields Nickel Laterite mines. The barren overburden includes a deep soil profile (required for rehabilitation) and calcrete (useful for tailings neutralisation), which further reduces the effective stripping ratio.

The low stripping ratio is favoured by a "keel" shape to the footwall contact of the deeper mineralisation, which will define a natural batter angle for the future pit.

Results from the most recent 19 drill-holes include the following:

GOONGARRIE NICKEL PROJECT									
Pamela Jean Deeps									
RC Drilling: Significant Intercepts using a 0.75% Ni Lower Cut-Off									
Hole Number	North m	East m	From m	To m	Interval m	Ni %	Co %	Ni4Co %	Ni4Co m%
GSRC906	69,600	3,220	37	55	18	1.01	0.07	1.28	23.06
GSRC907	69,600	3,140	35	124+	89+	1.19	0.13	1.71	152.17+
<i>including at 1.0% Ni cut-off</i>			57	124+	67+	1.27	0.16	1.91	127.97+
GSRC910	69,560	3,220	27	52	25	0.91	0.09	1.28	31.92
			58	64	6	1.51	0.04	1.66	9.94
			73	77	4	1.45	0.03	1.57	6.27
GSRC911	69,560	3,180	56	77	21	1.21	0.10	1.59	33.47
<i>including at 1.0% Ni cut-off</i>			59	77	18	1.26	0.10	1.68	30.21
GSRC912	69,560	3,140	38	124+	86+	1.23	0.08	1.55	133.71+
<i>including at 1.0% Ni cut-off</i>			61	124+	63+	1.33	0.11	1.74	109.91+
GSRC913	69,560	3,100	34	81	47	1.25	0.10	1.65	77.53
<i>including at 1.0% Ni cut-off</i>			35	49	14	1.21	0.05	1.42	19.84
			55	81	26	1.37	0.13	1.91	49.55
GSRC915	69,520	3,220	27	40	13	1.17	0.12	1.64	21.27
GSRC916	69,520	3,140	41	90	49	1.25	0.11	1.68	82.35
<i>including at 1.0% Ni cut-off</i>			60	89	29	1.46	0.13	1.99	57.57
GSRC919	69,480	3,220	16	49	33	1.49	0.14	2.04	67.48
<i>including at 1.0% Ni cut-off</i>			20	49	29	1.57	0.15	2.17	62.90
GSRC920	69,480	3,180	22	58	36	1.15	0.08	1.48	53.44
<i>including at 1.0% Ni cut-off</i>			25	42	17	1.36	0.06	1.60	27.27
GSRC921	69,480	3,140	25	48	23	1.07	0.07	1.35	31.15
<i>including at 1.0% Ni cut-off</i>			30	39	9	1.33	0.07	1.60	14.40
GSRC924	69,440	3,220	21	52	31	1.62	0.21	2.47	76.49
			60	72	12	1.37	0.09	1.74	20.87
<i>including at 1.0% Ni cut-off</i>			60	69	9	1.51	0.11	1.94	17.43

+ denotes drill-hole stopped in mineralisation.

The great depth and thickness of the high grade nickel mineralisation within the “Pamela Jean Deeps” (see table above) highlights the Goongarrie Nickel Project as the outstanding ore occurrence of the Eastern Goldfields Nickel Laterite Province. Most importantly, the geometry of the high grade mineralisation as defined in the current drilling confirms very favourable bulk mining parameters can be inferred for Goongarrie.

Yours sincerely



Ian Buchhorn
Managing Director