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30 January 2003

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

facsimile 1300 300 021

Dear Sir / Madam

RE: PIONEER NICKEL LIMITED DE-MERGER

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

Pioneer was incorporated on 14 January 2003, and is currently a 100% wholly owned subsidiary of Heron. Pioneer's aim is to acquire, explore for and develop Nickel Sulphide resources within the Eastern Goldfields of Western Australia. It will specifically target advanced stage Nickel Sulphide acquisition opportunities, to complement its existing exploration portfolio.

The Heron projects proposed for transfer to Pioneer are predominantly associated with the Ida Fault-Zuleika Shear Zone and its associated Pioneer-Coolgardie Ultramafic Belt. This ultramafic belt is characterised by several Nickel Sulphide occurrences. No significant Nickel laterite has been identified in Heron's exploration within the Pioneer-Coolgardie Ultramafic Belt, which is one rationale for Heron divesting the assets.

Subject to the requirements of the Corporations Act and ASX regulations, and dependent upon project acquisition mechanisms, it is proposed that the Pioneer vendor shares issued to Heron will be subsequently transferred to Heron shareholders on a pro-rata basis at no cost as an *in specie* share distribution.

It is proposed that Heron retains a priority right to process any Nickel Laterite or oxidised Nickel Sulphide ore located on the tenements to be transferred to Pioneer.

PullingerReadheadStewart has been retained as Corporate Advisor to the proposed de-merger, and Butler Settineri Securities Pty Ltd are Investigating Accountants for the Initial Public Offer ("IPO").

CURRENT EXPLORATION PROJECTS

1. Pioneer Nickel Project

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

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

Pioneer proposes a Transient ElectroMagnetic survey ("TEM") covering the documented Nickel Sulphide occurrences, prior to drill testing all TEM conductors and gossan occurrences.

2. Wattle Dam Project

The Wattle Dam project consists of 8 tenements covering 68km² located 65km South of Kalgoorlie within an area of historical Nickel Sulphide and Gold mining. The project surrounds the historical Spargoville Nickel Sulphide mines, and covers an 18km N-S strike of the main mineralised basalt-black shale-ultramafic contact. Another party holds the Gold rights, and 100% of all Nickel rights are held by Pioneer.

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

3. Larkinville Joint Venture Project

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

A farminee has the right to earn a 75% interest in the Gold and Tantalum rights of the Larkinville, Londonderry and Bullabulling Joint Venture tenements through sole funding the initial \$750,000 of exploration expenditure. Pioneer will retain 100% of all Nickel rights and will be free carried on other commodities until a Decision to Mine is made.

4. Blister Dam Project

The Blister Dam project consists of nine tenements covering 117km² located 70km NW of Kalgoorlie within an area with documented Nickel Sulphide occurrences and historical Gold mining, localised on the Zuleika Shear Zone. Another party holds the Gold rights, and 100% of all Nickel rights are proposed for assignment from Heron to Pioneer.

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

5. Davyhurst South Project

The Davyhurst South project consists of four tenements covering 130km² located 90km NW of Kalgoorlie within an area with documented Nickel Sulphide occurrences and historical Gold mining, localised on the Zuleika Shear Zone-Ida Fault convergence. Another party holds the Gold rights, and 100% of all Nickel rights are proposed for assignment from Heron to Pioneer.

Pioneer has completed assaying soil auger samples for its "Nickel Sulphide" geochemical suite. Three Ni-Cu anomalies were defined for in-fill sampling and TEM follow up. Gossanous black shale horizons are associated with the western-most soil anomaly.

6. Saddle Dam Project

The Saddle Dam project consists of five tenement applications covering 32km² located 90km NW of Kalgoorlie within an area with documented Nickel Sulphide occurrences and historical Gold mining localised on the Zuleika-Kunanalling Shear Zone. Another party holds the Gold rights, and 100% of all Nickel rights are proposed for assignment from Heron to Pioneer.

7. Davyhurst North Project

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

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

8. Maggie Hays Hill Joint Venture Project

The Maggie Hays Hill project consists of one exploration licence application covering 81km² located 140km SE of Southern Cross within areas of current Gold and Nickel Sulphide mining. A proposed farminee has the right to earn 70% in all mineral rights through spending \$0.2million.

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

9. Acra Nickel Project

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

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

Acra Prospect: Disseminated Nickel Sulphide intercepts from previous drilling at Acra include 21m at 0.53% Ni (diamond hole AD13), 18m at 0.63% Ni within an 80m wide disseminated Nickel Sulphide package (RC hole ARC03), and massive Sulphide of 0.27m at 4.36% Ni (AD04). A surface TEM conductor links the mineralised intercepts over a 500m strike length, with associated very strong Down Hole TEM off-hole anomalies. In the view of Regent's consultant, these conductors are consistent with the presence nearby of massive Sulphides. The target zone has been subject to structural deformation, so the presence of remobilised footwall mineralisation requires assessment.

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

Jubilee Prospect: Gossan sampling of old costeans by Pioneer has returned 1.3% Ni, 0.16% Cu, 0.4g/t Pt and 0.4g/t Pd. The high Cu-Pt-Pd is confirmation of a genuine Nickel Sulphide gossan.

Follow-up moving loop TEM coverage over the entire Acra-Jubilee Prospect will be completed to provide better resolution of the 13 conductor targets highlighted by Heron's geological study. Specifically, all gossan occurrences will be surveyed by TEM, prior to drilling.

Corporate

Further corporate and tenement details on Pioneer Nickel Limited are available on Heron's website, which will be updated as the de-merger progresses.

The development of Heron's North Kalgoorlie Nickel Laterite Project is the total focus of the Company, and the concentration of the Company's management resources on the NKN Project has more than anything predicated the proposed Pioneer Nickel Sulphide de-merger.

Yours sincerely



Ian Buchhorn
Managing Director

PIONEER NICKEL LIMITED						
Project	Prospect	Geographic Location	Tenement Identifier	Registered Holder	Area km2	Date Granted
Pioneer Nickel Project						
Pioneer	JH	125km SSE of Kalgoorlie	E15/00573	Heron Res Limited	47.60	21/09/2000
Pioneer	JH	136km SSE of Kalgoorlie	E63/00753	Heron Res Limited	33.60	pend
	2				81.20	
Wattle Dam Project						
Wattle Dam	Wattle Dam	59km S of Kalgoorlie	E15/00718	Killoran NL	58.70	pend
Wattle Dam	Wattle Dam	68km S of Kalgoorlie	M15/01101	Killoran NL	5.22	pend
Wattle Dam	Wattle Dam	66km S of Kalgoorlie	M15/01263	Killoran NL	(2.17)	pend
Wattle Dam	Wattle Dam	68km S of Kalgoorlie	M15/01264	Killoran NL	(0.85)	pend
Wattle Dam	Wattle Dam	68km S of Kalgoorlie	P15/03632	Killoran NL	0.85	01/11/1994
Wattle Dam	Wattle Dam	67km S of Kalgoorlie	P15/03637	Killoran NL	1.05	01/11/1994
Wattle Dam	Wattle Dam	66km S of Kalgoorlie	P15/03638	Killoran NL	1.12	01/11/1994
Wattle Dam	Wattle Dam	62km S of Kalgoorlie	P15/04479	Killoran NL	1.38	pend
	8				68.32	
Larkinville Joint Venture Project						
Bullabulling JV	Bullabulling	71km SW of Kalgoorlie	E15/00679	Heron Res Limited	114.80	pend
Bullabulling JV	Larkinville	73km SSE of Kalgoorlie	E15/00689	Heron Res Limited	100.80	pend
Bullabulling JV	Wannaway NE	88km SSE of Kalgoorlie	E15/00742	Heron Res Limited	19.60	pend
Bullabulling JV	Jaurdie Hills	70km WNW of Kalgoorlie	E16/00269	Avoca Res Limited	100.80	pend
Bullabulling JV	Larkinville	75km SSE of Kalgoorlie	P15/04213	Heron Res Limited	1.22	28/03/2000
Bullabulling JV	Larkinville	75km SSE of Kalgoorlie	P15/04214	Heron Res Limited	1.21	28/03/2000
Bullabulling JV	Londonderry	55km SW of Kalgoorlie	P15/04435	Heron Res Limited	1.62	pend
Bullabulling JV	Londonderry	55km SW of Kalgoorlie	P15/04436	Heron Res Limited	1.90	pend
Bullabulling JV	Londonderry	57km SW of Kalgoorlie	P15/04437	Heron Res Limited	1.87	pend
Bullabulling JV	Londonderry	56km SW of Kalgoorlie	P15/04438	Heron Res Limited	1.92	pend
Bullabulling JV	Londonderry	56km SW of Kalgoorlie	P15/04439	Heron Res Limited	2.00	pend
Bullabulling JV	Londonderry	56km SW of Kalgoorlie	P15/04440	Heron Res Limited	0.27	pend
Bullabulling JV	Logans	65km SSE of Kalgoorlie	P15/04464	Heron Res Limited	0.22	02/05/2002
	13				348.24	
Blister Dam Project						
Blister Dam JV	Dunnsville	61km NW of Kalgoorlie	E16/00181	Avoca res Limited	2.80	03/10/2000
Blister Dam JV	Carbine	66km NW of Kalgoorlie	E16/00195	Avoca res Limited	44.80	03/10/2000
Blister Dam JV	Dunnsville	62km NW of Kalgoorlie	E16/00275	Avoca res Limited	14.00	pend
Blister Dam JV	Lake Carnage	70km NW of Kalgoorlie	E24/00120	Avoca Res Limited	47.60	pend
Blister Dam JV	Blister Dam	73km NW of Kalgoorlie	P16/02149	Avoca Res Limited	1.40	pend
Blister Dam JV	Blister Dam	73km NW of Kalgoorlie	P16/02150	Avoca Res Limited	1.92	pend
Blister Dam JV	Blister Dam	73km NW of Kalgoorlie	P16/02151	Avoca Res Limited	1.77	pend
Blister Dam JV	Blister Dam	76km NW of Kalgoorlie	P24/03773	Avoca Res Limited	1.70	pend
Blister Dam JV	Blister Dam	76km NW of Kalgoorlie	P24/03774	Avoca Res Limited	1.92	pend
	9				117.91	
Davyhurst South Project						
Davyhurst South	Frances Lesley	95km NW of Kalgoorlie	E16/00174	Heron Res Limited	5.60	03/10/2000
Davyhurst South	Frances Lesley	100km NW of Kalgoorlie	E16/00192	Heron Res Limited	86.80	26/09/2001
Davyhurst South	Frances Lesley	88km NW of Kalgoorlie	E16/00239	Heron Res Limited	36.40	pend
Davyhurst South	Frances Lesley	98km NW of Kalgoorlie	M16/00385	Heron Res Limited	2.00	pend
	4				130.80	
Saddle Dam Project						
Saddle Dam	Dunnsville	62km NW of Kalgoorlie	E16/00292	Heron Res Limited	22.40	pend
Saddle Dam	Two Gum Dam	60km NW of Kalgoorlie	E16/00295	Regent Res Limited	5.60	pend
Saddle Dam	Saddle Dam	94km NW of Kalgoorlie	P16/02123	Heron Res Limited	1.75	pend
Saddle Dam	Saddle Dam	94km NW of Kalgoorlie	P16/02124	Heron Res Limited	1.86	pend
Saddle Dam	Saddle Dam	94km NW of Kalgoorlie	P16/02125	Heron Res Limited	1.30	pend
	5				32.91	
Davyhurst North Project						
Davyhurst North	Four Corners Well	187km NW of Kalgoorlie	E29/00527	Heron Res Limited	30.80	pend
	1				30.80	
Maggie Hays Hill Joint Venture Project						
Maggie Hays Hill JV	Maggie Hays Hill	140km SE of Southern Cross	E63/00625	Heron Res Limited	81.20	pend
	1				81.20	
Acra Nickel Project						
Acra	Acra	61km NE of Kalgoorlie	E28/01223	Heron Res Limited	109.20	06/11/2002
Acra	Jubilee	60km NE of Kalgoorlie	P28/00972	Heron Res Limited	1.20	26/09/2001
Acra	Jubilee	60km NE of Kalgoorlie	P28/00991	Heron Res Limited	1.29	pend
	3				111.69	
PIONEER TOTAL	46				1003.07	TOTAL