



ABN 30 068 263 098

PO Box 1280  
21 Close Way,  
Kalgoorlie WA 6430  
PO Box 1280, Kalgoorlie WA 6430

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phone: (08) 9091 9253  
fax: (08) 9091 9256  
email: [ibuchhorn@heronresources.com.au](mailto:ibuchhorn@heronresources.com.au)  
web: [www.heronresources.com.au](http://www.heronresources.com.au)

14 February 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: UNMARKETABLE PARCELS**

Heron Resources Limited ("Heron") wishes to advise that it has today mailed out an offer to those Shareholders with Unmarketable Parcels providing them with an opportunity to either:

- (a) "Top up" their Shareholding to 10,000;
- (b) Notify the Company that they wish to retain their current Shareholding unchanged by returning to the Company a "Notice of Retention of Shares"; or
- (c) Do nothing, such that the Shares will be sold on the Shareholder's behalf.

As at the close of trade on 13 February 2003, a marketable parcel in Heron Shares as defined by the ASX Listing Rules was 3,125 Shares (representing a value of \$500 based upon a 13 February 2003 closing price of 16 cents per Share).

With the proposed "spin-off" of the Pioneer Nickel Limited and Regent Resources Limited assets into Initial Public Offers, and with Heron Shareholders proposed to receive preferential share entitlements and/or share issues as the case may be, it was felt to be prudent for the Company to seek the prior "topping up" or sale of Unmarketable Parcels.

The letter of offer sent to Shareholders is attached.

Yours sincerely

Ian Buchhorn  
Managing Director



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14 February 2003

Dear Shareholder

## **SUMMARY OF CORPORATE ACTIVITY, HERON RESOURCES LIMITED**

Heron Resources Limited ("Heron") has been particularly active since the start of 2003, to advance the Goongarrie Nickel Project towards production, and move towards divesting non-nickel laterite assets. Our main activities are as follows:

### **1. North Kalgoorlie Nickel Project**

- Jinchuan Group Limited ("Jinchuan") is evaluating whether to commence a Bankable Feasibility Study for the North Kalgoorlie Nickel Project ("NKN Project"). Management of Heron are meeting with Jinchuan in China during February 2003.
- The NKN Project resource target is 100 million tonne at 1.2% Ni, to produce 45,000tpa nickel-in-intermediate product for a 25 year project life, with refining at Jinchuan operations, Gansu Province, China. An operation of this scale would be within the top 10 nickel mines world-wide.

### **2. Ore Supply to Cawse**

- Arguably the world's best nickel laterite in terms of sovereign stability, infrastructure, and metallurgical performance is ore from the Goongarrie-Cawse "Walter Williams Formation", with the dominant tenement holders being Heron and OMG Cawse.
- OMG is a world-leading nickel refiner and marketer, and has only one mining operation world-wide, being Cawse. Heron previously has sought to provide ore supply to Cawse.

### **3. Ore Supply to Murrin Murrin**

- Blending Goongarrie high grade 1.5% Ni goethite ore with run-of-mine Murrin Murrin clay ore can impact positively on the long term profitability of Murrin Murrin.
- Heron had negotiated an ore supply proposal with Anaconda in mid 2002, which is in abeyance.

### **4. Heron Corporate**

- Heron is seeking to further divest non-nickel laterite, non-core assets, to concentrate on future nickel laterite production, and present the Company as the vehicle of choice for the inevitable future rationalisation of the Kalgoorlie nickel laterite industry.
- Accordingly, Heron's nickel sulphide assets are being "spun-off" into **Pioneer Nickel Limited**, and the gold/base metal assets into **Regent Resources Limited**. These two "spin-offs" potentially represent an opportunity for additional value for Heron Shareholders.
- Heron will continue active and successful project generation work to generate value for Shareholders.

## Unmarketable Parcels

ASX Listing Rules and the Company's Constitution empowers the Company to sell the security holdings of any member who holds less than a marketable parcel of securities ("Minority Member"). **Heron's preference is however, for members to increase their Shareholding to at least 10,000 Shares.** This would facilitate maximum participation in the Pioneer and Regent proposals.

In summary, Shareholders have three choices:

- (a) "Top up" your Shareholding to 10,000;
- (b) Notify the Company that you wish to retain your current Shareholding unchanged by returning to the Company the attached "Notice of Retention of Shares"; or
- (c) Do nothing, and your Shares will be sold on your behalf.

Heron's share registry, Security Transfer Registrars Pty Ltd ("STR"), will coordinate the transfers from Shareholders who wish to sell, to allow you at your instruction, to increase your Heron Shareholding to 10,000 (ie (a) above). Heron will pay all transaction fees if you do decide to "top up". If you wish to take advantage of this opportunity, please telephone Holley at STR on (08) 9315 0933 to discuss.

**If you wish your Shareholding to be sold there is no need to do anything** (ie (c) above). As soon as is practical after 28 March 2003, the Company will endeavour to arrange the sale at the prevailing market price and the proceeds from that sale will be remitted to you.

With the proposed "spin-off" of the Pioneer and Regent assets into Initial Public Offers ("IPO"), and Heron Shareholders receiving preferential entitlements or share issues, it was felt prudent for the Company to seek the prior sale of Unmarketable Parcels.

To assist in your decision, I would suggest the following:

- (a) you examine the enclosed technical report, being from the Quarterly Report of Heron to 31 December 2002, which provides detail on Heron's current endeavours, notably the Pioneer and Regent proposals;
- (b) you consult your stockbroker or other financial adviser; and
- (c) refer the Heron website, [www.heronresources.com.au](http://www.heronresources.com.au).

Should you have any queries in relation to this matter please contact the Company by telephone on (08) 9091 9253 or by facsimile on (08) 9091 9256 or the Company's share registry, Security Transfer Registrars by telephone on (08) 9315 0933 or by facsimile on (08) 9315 2233.

Yours faithfully

**HERON RESOURCES LIMITED**



**Ian Buchhorn**  
*Managing Director*



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14 February 2003

Dear Shareholder

**ELIMINATION NOTICE – SALE OF UNMARKETABLE PARCELS**

ASX Listing Rules and the Company's Constitution empowers the Company to sell the security holdings of any member who holds less than a marketable parcel of securities ("Minority Member") provided the Minority Member has:

- (a) been issued with an Elimination Notice and Notice of Retention; and
- (b) not returned their Notice of Retention by 5.00 pm WST on 28 March 2003 ("Retention Date").

Heron Resources Limited ("Heron") would like to sell on your behalf, your Unmarketable Parcel of Shares in the Company.

As at 13 February 2003 a marketable parcel as defined by the ASX Listing Rules was at least 3,125 Shares (representing \$500 in value based upon 16 cents per Share 13 February 2003 closing price).

Your Shareholding (which is set out on the Notice of Retention on the reverse side of this notice) was less than a marketable parcel at the Notice Date.

To assist in reducing the large shareholder base and the administrative costs associated with that base, Rule 3.10, "Unmarketable Parcels" of the Company's Constitution provides the Company with the power to sell Unmarketable Parcels of Shares, at the Company's cost, and to remit the proceeds to the Shareholders whose Shares have been disposed of in this manner. In many cases, such a sale may benefit the Shareholders involved as it will allow their Shares to be readily sold on the ASX (which they might otherwise find difficult to do due to the small size of their Shareholding) and there will be no brokerage costs payable by them on the sale (as these will be borne by the Company).

The sale of Unmarketable Parcels may reduce the number of Shareholders by up to 278, which is approximately 17% of the total number of Shareholders of the Company.

**This notice is to inform you, and all other holders of Unmarketable Parcels of Shares, that the Company intends to invoke the provisions of Rule 3.10 of the Company's Constitution and sell your Unmarketable Parcel. If you do not wish for your Shares to be sold you must complete and return the Notice of Retention on the reverse of this notice to our Share Registry by 28 March 2003.**

**If you wish your Shareholding to be sold there is no need to do anything.** As soon as is practical after 28 March 2003, the Company will endeavour to arrange the sale at the prevailing market price and the proceeds from that sale will be remitted to you.

Should you have any queries in relation to this matter please contact the Company by telephone on (08) 9091 9253 or by facsimile on (08) 9091 9256 or the Company's share registry, Security Transfer Registrars by telephone on (08) 9315 0933 or by facsimile on (08) 9315 2233.

Yours faithfully

**HERON RESOURCES LIMITED**

**Ross Arancini**  
Company Secretary

HERON RESOURCES LIMITED  
ACN 068 263 098

NOTICE OF RETENTION OF SHARES

Date: 14 February 2003

«Holder\_Name\_\_\_\_\_»  
«Address\_Line\_1\_\_\_\_\_»  
«Address\_Line\_2\_\_\_\_\_»  
«Address\_Line\_3\_\_\_\_\_»  
«Address\_Line\_4\_\_\_\_\_»  
«Address\_Line\_5\_\_\_\_\_»

HIN/SRN: «Holder\_No»  
Unmarketable Holding: «Shares\_Class\_1»

The Directors

I/we wish to retain my/our Shareholding in the Company and hereby advise the Company that the provisions of Rule 3.10 of the Constitution are not to apply to my/our Shares.

**Signatures(s)**

Individual/Security holder 1

Director

Security holder 2

Director/Company Secretary

Security holder 3

Sole Director &  
Sole Company Secretary

Company Seal  
(if required)

Dated: ..... / ..... / .....

**Daytime Telephone Number**

**PLEASE RETURN THIS NOTICE TO THE COMPANY'S SHARE REGISTRY:**

**SECURITY TRANSFER REGISTRARS PTY LTD**

**Delivery:**

770 Canning Highway  
APPLECROSS WA 6153  
Telephone: (08) 9315 0933

**Post:**

PO BOX 535  
APPLECROSS WA 6953  
Facsimile: (08) 9315 2233

**Notes:**

1. For full details, please read the Elimination Notice on the reverse side of this notice.
2. If you wish to retain you Shareholding in the Company, please sign this notice in the space provided and return it to the Company's share registry **by 5:00pm WST 28 MARCH 2003**
3. Notice in respect of a corporation must be executed in accordance with the constitution of that corporation.
4. Notices signed under power of attorney or by the executor of an estate must be accompanied by a copy of that power or letters of administration, as the case may be, unless previously lodged for noting.
5. In the case of holdings held by two or more persons, all holders must sign.
6. Please provide your daytime telephone number so we can contact you if there are any problems with your Notice of Retention.

**THIS NOTICE OF RETENTION MUST BE RECEIVED BY THE COMPANY'S SHARE REGISTRY  
BY NO LATER THAN 5:00PM WST 28 MARCH 2003**