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14 July 2003

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

Dear Sir / Madam

**RE: Heron Resources Limited Convertible Notes Issue**

Heron Resources Limited ("Heron") wishes to advise that it has finalised terms for the issue of Convertible Notes to raise \$546,000 ("Note Issue").

The Note Issue is predicated by a requirement for additional working capital as a result of Heron's recent acquisition of lateritic nickel projects at Goongarrie, Siberia and Menzies, being part of the North Kalgoorlie Nickel Project.

The major terms of the Note Issue are as follows:

<b>Number of Notes:</b>	26
<b>Issue Price:</b>	\$21,000 per Convertible Note
<b>Term:</b>	12 months from the Issue Date
<b>Interest Rate:</b>	0%
<b>Conversion Date:</b>	At any time during the Conversion Period
<b>Conversion Price:</b>	\$0.14 per Heron share
<b>Security:</b>	The Convertible Notes are unsecured and rank ahead of Ordinary Shares in Heron but behind secured creditors.

Yours sincerely

Ian Buchhorn  
Managing Director