



NOTICE OF GENERAL MEETING

DE-MERGER OF
HERON RESOURCES LIMITED AND PIONEER NICKEL LIMITED

EXPLANATORY STATEMENT
AND
PROXY FORM

For a meeting to be held on Wednesday, 15 October 2003
10.00am (Western Standard Time)

The Hannans Club,
44 Brookman Street
Kalgoorlie, Western Australia

This is an important document. Please read it carefully.
If there is any matter that you do not understand,
you should contact your financial adviser, stockbroker or solicitor.

HERON RESOURCES LIMITED
ABN 30 068 263 098

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Proxy Form

Proxy Instructions

- *A Shareholder of the Company who is entitled to attend and cast a vote at a general meeting may appoint a person as their proxy to attend and vote for the Shareholder at the meeting. The appointment may specify the proportion or number of votes that the proxy may exercise. Each member may appoint more than one proxy. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.*
- *To be effective, the proxy form (and any power of attorney) must be lodged at the registered office of the Company not less than 48 hours before the time of holding the meeting. The proxy may be lodged by facsimile transmission to the facsimile number of the Company's registered office, being (08) 9091 9256.*
- *A copy of the power of attorney must be lodged for any proxy appointed under a power of attorney, together with evidence of non-revocation of the power of attorney.*
- *A proxy for a corporation must be appointed under the common seal of the corporation or signed in accordance with the requirements of section 127 of the Corporations Act 2001.*
- *A proxy form is attached at the back of this Notice. If required it should be completed, signed and returned to the Company's registered office in accordance with the proxy instructions on that form.*

SECTION 1

**HERON RESOURCES LIMITED
ABN 30 068 263 098**

NOTICE OF MEETING

Notice is given that a General Meeting of Shareholders of Heron Resources Limited ("Heron" or the "Company") will be held at The Hannans Club, 44 Brookman Street Kalgoorlie Western Australia at 10.00am (Western Standard Time ("WST")) on Wednesday, 15 October 2003.

AGENDA**SPECIAL BUSINESS**

The Explanatory Statement, which accompanies and forms part of this Notice, describes the matters to be considered as special business.

To consider and, if thought fit, to pass, with or without amendment, the following ordinary Resolutions:

1. EQUAL REDUCTION OF CAPITAL (BY DISPOSAL OF AN ASSET HELD BY THE COMPANY)

"That, for the purposes of Sections 256B and 256C of the Corporations Act 2001, the Company's Constitution and the Australian Stock Exchange Limited Listing Rules, and for all other purposes, the issued Share capital of the Company be reduced by an amount equal to the value of the Pioneer Nickel Limited shares on issue at the In Specie Record Date as determined by the directors (estimated to be \$360,000) and that such resolution be effected and satisfied by the Company making a pro rata In Specie distribution of up to 15,000,010 fully paid ordinary shares in Pioneer Nickel Limited to all holders of ordinary Shares in the Company, subject to the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

2. TRUST AND IN SPECIE DISTRIBUTION

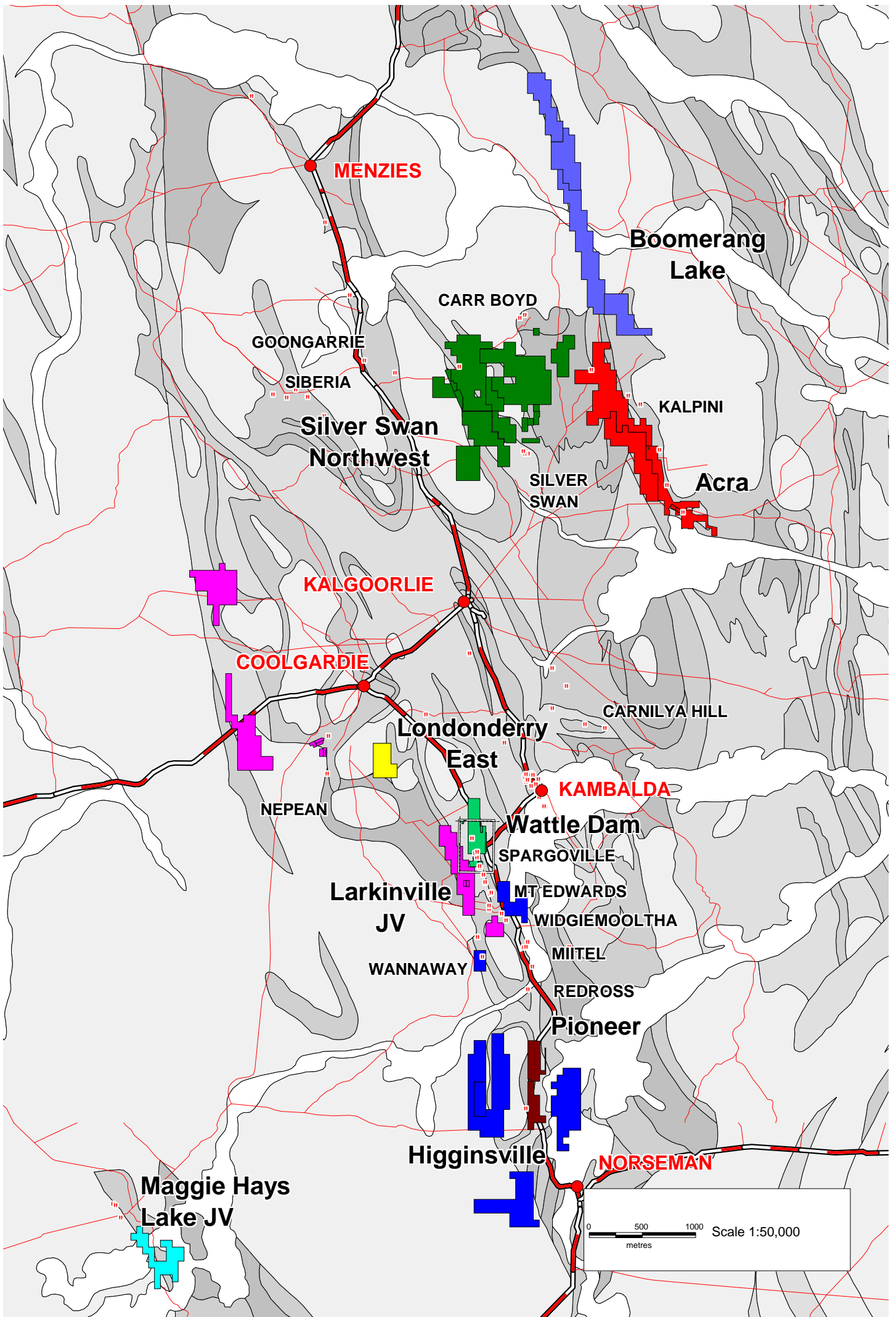
"That, subject to the passing of Resolution 1, the Shareholders direct the Directors to hold the Pioneer Nickel Limited In Specie Shares on trust for them as and from the In Specie Record Date and thereafter authorise the distribution of the Pioneer Nickel Limited In Specie Shares to be made at the Directors' discretion provided that it be made between 6 and 24 months following the listing of Pioneer Nickel Limited on ASX."

Dated this 15th day of September 2003.

BY ORDER OF THE BOARD



**ROSS ARANCINI
Director**



SECTION 2

HERON RESOURCES LIMITED
ABN 30 068 263 098

EXPLANATORY STATEMENT**1. INTRODUCTION**

This Explanatory Statement has been prepared for the information of Shareholders of Heron in connection with the business to be conducted at the General Meeting to be held at The Hannans Club, 44 Brookman Street, Kalgoorlie, Western Australia on Wednesday, 15 October 2003 commencing at 10.00am WST. This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

2. BACKGROUND TO THE RESOLUTIONS

Heron has created a strong and diverse minerals asset base in the seven years following its Initial Public Offering ("IPO") and listing on Australian Stock Exchange Limited ("ASX"), facilitated through exploration expenditure of \$16 million and completion of in excess of 100,000m of Reverse Circulation drilling. The key focus of Heron is the North Kalgoorlie Nickel Project ("NKN Project"), the prime Australian nickel laterite discovery.

More than \$2 billion has been invested in Western Australia's three Pressure Acid Leach ("PAL") nickel laterite producers over the last six years. Heron Directors believe the NKN Project has a key role in realising the economic potential of the nickel laterite industry in Western Australia because of its ore quality and project location. Additionally, the NKN Project has stand-alone nickel production potential, as a 40,000tpa nickel-in-intermediate product PAL operation.

The purpose of the General Meeting is to seek Shareholder approval to sell Heron's nickel sulphide assets to a new exploration company, **Pioneer Nickel Limited** ("Pioneer"). This will allow Heron to focus entirely on its nickel laterite assets, and unlock unrealised value in its nickel sulphide assets for the benefit of Heron Shareholders. Pioneer is being prepared for an IPO and listing on ASX.

As can be seen from the Tenement Map opposite, in the Eastern Goldfields, Pioneer controls a substantial ground position within the prime **Kambalda-Silver Swan nickel sulphide provinces**.

3. SUMMARY OF TRANSACTION

To give effect to this proposal, Heron has entered into a letter of agreement whereby Heron has agreed to sell, and Pioneer has agreed to purchase the legal and beneficial interests in the eight nickel sulphide projects ("the Property") (details of the tenements and their encumbrances are listed in Section 3) ("Agreement"). The central terms of the Agreement are:-

- (a) approval be obtained from the Shareholders of Heron as required by the Corporations Act 2001 and the ASX Listing Rules;
- (b) the issue to Heron, as consideration for the Property, of an additional 15,000,000 shares in Pioneer which are to be distributed to Heron Shareholders registered at 5 business days after Shareholder approval is obtained, being 22 October 2003 ("In Specie Record Date");
- (c) Pioneer will repay to Heron a loan amount of approximately \$109,000 on admission to the Official List of ASX, as payment of the loan account as at 31 July 2003;
- (d) Heron will provide to Pioneer agreed technical and administrative services prior to admission to the Official List of ASX at \$25,000 per month for a maximum of four months;
- (e) the issue of 3,500,000 unlisted options to Heron exercisable at \$0.25 on or before 31 December 2007 following Pioneer's listing on ASX; and
- (f) provision by Heron of additional IPO working capital as required, in the form of an unsecured loan on commercial terms and conditions.

As part of the Agreement, Pioneer must issue 15,000,000 fully paid ordinary shares at a deemed issue price of \$0.024 per share to Heron ("Issue"). These shares together with the 10 ordinary shares currently on issue are collectively referred to as the "Pioneer In Specie Shares", which are to be distributed on a pro rata in specie basis to Heron Shareholders. This represents a return of capital. Following the Issue, the Pioneer In Specie Shares will represent effectively 100% of Pioneer's share capital.

Heron currently has on issue 110,658,727 Shares. The rate for distribution of the 15,000,010 Pioneer In Specie Shares in this situation will be 1 Pioneer share for 7.377 Heron Shares.

On 10 September 2003, Heron announced a 1 for 10 entitlements issue. If fully subscribed, Heron will have on issue 122,789,600 Shares. The rate for distribution of the 15,000,010 Pioneer In Specie Shares in this situation will then be 1 Pioneer share for 8.186 Heron Shares. The Directors of Heron will use best endeavours to ensure an approximate 1 for 8 distribution assuming the entitlements issue is fully subscribed.

The In Specie Record Date for determining Heron Shareholder entitlements to Pioneer shares will be 5 business days after Heron Shareholder approval for the in specie distribution is obtained in General Meeting, being Wednesday 22 October 2003. Heron will hold the Pioneer In Specie Shares on trust for those Heron Shareholders as at the In Specie Record Date until the distribution. The distribution will take place between 6 and 24 months after listing of Pioneer on ASX. The Board of Heron will determine when the distribution of Pioneer In Specie Shares occurs within this 18 month period, based on prevailing share market conditions and as determined at its sole discretion. Heron is to be issued with 3,500,000 unlisted options. These options will be held legally and beneficially by Heron and will not be distributed in specie to Heron Shareholders.

Pioneer proposes to issue a prospectus at a date following approval, by Heron Shareholders, of the equal capital reduction by way of in specie distribution of Pioneer shares (expected to be late October 2003). Under the prospectus, Heron Shareholders, as at the Registration Date of the Pioneer prospectus, will have a priority right to apply for Pioneer shares at an indicative issue price of \$0.20 per Pioneer share on a 1 for 5 entitlements basis, provided the number of shares applied for equals or exceeds 10,000 shares. The Agreement and other details of the Pioneer spin-off are hereinafter referred to as "the Transaction".

Summarising Heron's rationale for the Pioneer nickel sulphide spin-off:

- (a) Heron is focused on the nickel laterite sector and its capital resources are committed to this sector.
- (b) Additional value can potentially be extracted for Heron Shareholders by funding and separating Pioneer from Heron.
- (c) Investors who have purchased Heron because of its nickel laterite assets are unlikely to want their exposure to nickel laterite, and specifically the NKN Project, diluted with non-core ventures such as nickel sulphide exploration.
- (d) By spinning off the nickel sulphide assets, investors are given a clear choice as to which sector they wish to follow, as determined by their individual investment criteria.
- (e) Heron Shareholders will, by being beneficially entitled to the Pioneer In Specie Shares, effectively own 100% of Pioneer and therefore maintain their existing ownership of the Heron's nickel sulphide assets. If they wish to maintain an exposure to the nickel sulphide assets, they will have a right to subscribe for additional shares in the Pioneer public issue.

4. PIONEER NICKEL LIMITED - BACKGROUND

4.1 Historical Relationship of Pioneer to Heron

Pioneer was incorporated on 17 January 2003 as a vehicle to acquire and develop nickel sulphide assets, through purchase from both Heron and third parties, and through aggressive tenement pegging in its own right.

Heron was allotted 10 subscriber shares in Pioneer (being the sole shareholder), and Heron's Directors being Craig Readhead, Ian Buchhorn and Ross Arancini were appointed directors of Pioneer.

Essentially, Pioneer became the tenement pegging vehicle for ground in the Pioneer-Widgiemooltha district south of Kalgoorlie, where Heron's exploration experience had determined excellent prospectivity for nickel sulphide, but relatively lower prospectivity for nickel laterite.

Additionally, during 2003, Heron has been able to purchase substantial nickel laterite resources in the Siberia district 20km SW of Goongarrie, which has the potential to displace nickel laterite ore from Heron's Kalpini and Acra Projects. The Acra Project in particular has excellent potential for nickel sulphide, with significant widths of disseminated nickel sulphide intersected in previous drilling prior to Heron securing the ground. Accordingly, this Acra ground was earmarked as a leading drill project for Pioneer, to be tested as soon as possible after Pioneer's listing.

4.2 Pioneer Board

The Pioneer board consists of Heron Directors Craig Readhead (non-executive chairman) and Ian Buchhorn (non-executive director). David Crook was appointed managing director of Pioneer on 11 August 2003, and Ross Arancini resigned from the board on 11 August 2003. Julie Wolseley was appointed company secretary of Pioneer on 11 August 2003.

The final appointment to Pioneer was non-executive director Allan Trench, appointed on 8 September 2003.

It is the intention that Heron representatives hold two Pioneer board positions while Heron holds the Pioneer In Specie Shares on trust for the Heron Shareholders as at the In Specie Record Date.

5. PIONEER'S INTENDED LISTING ON ASX

Pioneer intends to seek admission to the Official List of ASX and has commenced the due diligence process associated with this listing. It is intended that the listing will occur once all shareholder approvals for the Transaction are obtained and the Transaction is completed under the Agreement. It is anticipated that the listing of Pioneer will occur in late 2003.

ASX has advised Pioneer that (other than as set out below) the Pioneer In Specie Shares, once distributed to Heron Shareholders, will be freely tradeable.

The Pioneer In Specie Shares to be issued to related parties, being Craig Readhead, David Crook, Ian Buchhorn, Ross Arancini and Allan Trench (and their parents, children, spouses and controlled entities), will be escrowed for up to 24 months.

It is also anticipated that any vendor shares to be issued to third parties other than Heron will be escrowed for between 12 to 24 months.

Following listing on ASX Pioneer intends to issue a yet to be determined number of loyalty options to its shareholders.

6. **TAX IMPLICATIONS**

The following is provided as a general guide only to possible tax outcomes.

6.1 **For Shareholders**

The following is a generalised summary of the possible taxation implications to Shareholders of the Company. The Company recommends that Shareholders obtain their own independent taxation advice in relation to the impact of the Resolutions on their individual circumstances.

The guide shows the likely tax outcomes for Shareholders who hold their Shares on capital account. The taxation position for share traders, dealers or other Shareholders holding their Shares on revenue account is not dealt with in this section and those Shareholders should obtain their own independent taxation advice to consider the impact of the Resolutions. Whilst non-resident Shareholders in the Company would generally be entitled to the same reliefs as outlined in this guide, they should nevertheless obtain specialist taxation advice to consider the Australian tax implications as well as the taxation implications in their country of residency.

This general guide does not extend to Shareholders who do not elect to apply the de-merger relief referred to below. Such Shareholders should obtain their own independent taxation advice to consider the tax implications of the transactions envisaged under the Resolutions.

Shareholders will be entitled to both capital gains tax ("CGT") relief under Division 125 of Part 3-3 of the Income Tax Assessment Act 1997 and dividend relief under sub-section 44(4) of the Income Tax Assessment Act 1936.

CGT Relief

CGT relief is available to Shareholders who individually make a choice that the CGT relief provisions apply in a de-merger restructuring involving a distribution in specie of shares held by a Head Entity (the Company) in a de-merger subsidiary (Pioneer Nickel Limited).

The form of the CGT relief is to entitle Shareholders to disregard any capital gain or capital loss that may otherwise arise under the de-merger restructuring.

Shareholders, irrespective of whether they have elected to claim the CGT relief or not, will be required to make adjustments so as to spread their CGT cost base (and reduced cost base, where applicable) of Heron Shares over both the Heron and Pioneer shares held after the de-merger.

The Company advises that based on an anticipated reasonable approximation of the market values of remaining Heron Shares and new Pioneer shares just after the de-merger, the first element of the cost base (or reduced cost base, as the case may be) of the remaining Heron Shares will be reduced of the order of 87.5% of the present amount. It follows that the first element of the cost base (or reduced cost base, as the case may be) of the new Pioneer shares will be of the order of 12.5% of the present first element of the cost base (or reduced cost base, as the case may be) of the Heron Shares.

Dividend relief

Dividend relief applies to a de-merger dividend that would otherwise have been an assessable dividend under section 44(1) of the Income Tax Assessment Act 1936.

The form of this dividend relief is to ensure the de-merger dividend is neither assessable income nor exempt income. It follows that should any part of the distribution in specie be considered an ordinary dividend, then that amount will not be assessable income in the hands of the Shareholder.

Integrity rules

In circumstances where Shareholders are in receipt of a de-merger benefit under a scheme, the purpose of which (dominant or otherwise, but excluding incidental purposes) is to provide a tax benefit, then an otherwise non-assessable de-merger dividend will become an assessable dividend.

This is an integrity measure which is not expected to have application in the proposed transactions the subject of the Resolutions. Nevertheless, the Company proposes to obtain a Class Ruling from the Commissioner of Taxation that he will not make a determination that these integrity measures apply.

6.2 For the Company

On the basis that the de-merger relief provisions apply, the Company is entitled to disregard any capital gain it would otherwise have made from the disposal of the Pioneer shares pursuant to the distribution to Shareholders.

6.3 Application for a Class Ruling

So as to provide Shareholders and the Company with greater certainty regarding the tax outcomes of the proposed transactions, the Company intends to apply for a Class Ruling to confirm availability of the de-merger relief provisions, and in particular, to ensure the Commissioner of Taxation does not make an adverse determination under the integrity rules. It is unlikely that such a Class Ruling will be obtained before the date of the General Meeting of Shareholders.

7. INFORMATION ON RESOLUTIONS

7.1 Resolution 1 – Reduction of Capital

Under the terms of the Transaction the Company will reduce its share capital by way of a pro rata in specie distribution to its Shareholders of approximately 15,000,010 Pioneer In Specie Shares at an indicative issue price of \$0.024 each on the basis of 1 Pioneer In Specie Share for approximately every 8 Heron Shares held as at the In Specie Record Date. Fractional entitlements will be rounded down. Any surplus Pioneer In Specie Shares resulting from rounding down fractional entitlements will be retained by the Company for its own benefit.

It is not proposed that any Shareholder will receive any payment of cash as a result of the reduction.

Pioneer is to seek admission to ASX. If this occurs, the Pioneer In Specie Shares distributed to the Heron Shareholders will be freely tradeable (subject to the ASX Listing Rules and obtaining any necessary waivers) from the date of distribution (between 6 and 24 months after admission of Pioneer). In Specie Shares distributed to related parties (such as directors, their spouses, children, parents or controlled companies) will be subject to ASX restriction agreements and not tradable for up to 24 months from the date Pioneer shares are initially quoted by ASX.

Shareholder approval is required for Resolution 1 for the following reasons:

(a) *Clause 3 of the Heron Constitution*

This clause provides that, subject to the Corporations Act 2001 and the Listing Rules the Shares in the Company are under the control of the Directors who may dispose of the same whether with regard to return of capital or otherwise.

(b) *Section 256C(1) of the Corporations Act 2001*

The distribution of Pioneer In Specie Shares contemplated by this Resolution is an equal reduction in the Company's capital as the distribution will be made to all Shareholders on a pro rata basis.

Section 256B(1) of the Corporations Act 2001 states that a company may reduce its share capital in a way that is not otherwise authorised by law if the reduction:

- is fair and reasonable to the company's shareholders as a whole;
- does not materially prejudice the company's ability to pay creditors; and
- is approved by shareholders under section 256C.

The proposed capital reduction is an equal reduction for the purposes of section 256B(2) of the Corporations Act 2001 as it:

- relates only to ordinary shares;
- applies to each holder of ordinary shares in proportion to the number of ordinary shares they hold; and
- the terms of the reduction are the same for each holder of ordinary securities.

Section 256C(1) of the Corporations Act 2001 requires shareholder approval by ordinary resolution if the reduction is an equal reduction.

(c) *Information required for the purposes of section 256C of the Corporations Act 2001*

The purpose of the reduction of the Company's issued Share capital is to enable the Company to distribute the Pioneer In Specie Shares (acquired in consideration of the sale of Heron's nickel sulphide assets) to Shareholders (as at the In Specie Record Date) within 6-24 months following listing of Pioneer. The Pioneer In Specie Shares will be held on trust for entitled Heron Shareholders and subsequently distributed at the time determined by the Heron Board, between 6-24 months following listing of Pioneer. Heron Shareholders will then become direct shareholders in Pioneer and will be free to trade their Pioneer shares on ASX. Related party Shareholders (including directors, their parents, spouses, children and controlled entities) are likely to be further restricted by ASX.

(d) *Effect of Proposed Equal Capital Reduction on the Company*

An amount of \$360,000 is recorded in Heron's accounts against the nickel sulphide projects as at 28 August 2003. The reduction amount reflects the costings recorded against the nickel sulphide assets acquired by Pioneer. Accordingly, the reduction amount of \$360,000 is the book value of the Company's investment in Pioneer after the nickel sulphide assets have been transferred to Pioneer.

A pro-forma consolidated statement of financial position for the economic entity is contained in Appendix A which shows the financial impact on Heron of the Resolution, if passed.

(e) *Effect of Proposed Equal Capital Reduction on Shareholders in the Company*

Heron Shareholders recorded on the Heron Share register with effect from 5.00pm (WST) on Wednesday, 22 October 2003 will be entitled to 1 fully paid ordinary Pioneer share on a 1 Pioneer for approximately 8 Heron basis, at no cost. However the Pioneer In Specie Shares will be held on trust by Heron for those Shareholders until a distribution takes place between 6 and 24 months after Pioneer lists on ASX.

Pioneer proposes to issue a prospectus at a date following approval for the equal capital reduction. Under the prospectus Heron Shareholders, as at the Registration Date of the Pioneer prospectus, will have a priority right to apply for Pioneer shares at \$0.20 per Pioneer share on a 1 for 5 entitlements basis, provided the number of shares applied for equals or exceeds 10,000 shares. Details of this right will be set out in the Pioneer prospectus.

A pro forma statement of financial position for Pioneer is contained in Appendix B. This shows the financial position of Pioneer post completion of the Transaction.

The Directors are of the opinion that such a capital reduction:

- is fair and reasonable to the Company's Shareholders as it is an equal reduction not differently affecting any one Shareholder's holding in the Company; and
- does not materially prejudice the Company's ability to pay its creditors.

(f) *Effect of Proposed Equal Capital Reduction on Creditors*

The proposed equal capital reduction involves a reduction in the Company's paid up Share capital. However, in the opinion of the Heron Directors, this will not materially prejudice the Company's ability to pay its creditors as the amounts owed to creditors at the date of the meeting are not material and the Company's cash reserves are more than sufficient to pay those amounts.

(g) *Information Provided for the Purposes of Listing Rule 7.20*

Listing Rule 7.20 requires the following information to accompany the Notice of Meeting in relation to approval sought under Resolution 1.

- The proposed return of capital will not affect the number of Shares held by each Shareholder in the Company. As there is no amount unpaid on any security there will be no effect on partly paid shares.
- Fractional entitlements to Pioneer In Specie Shares shall be rounded down.

Further information on Pioneer is contained in Section 3 of this Explanatory Statement.

7.2 Resolution 2 – Trust and Timing of Distribution

The Directors seek Shareholder approval to hold the Pioneer In Specie Shares on trust for the Heron Shareholders as at the In Specie Record Date. In addition, the Directors seek a direction to distribute the Pioneer In Specie Shares between 6 and 24 months following Pioneer's admission to the Official List of ASX.

The Directors wish to obtain this direction in order to provide a stable aftermarket for Pioneer post listing and to facilitate a manageable register of shareholders on admission. Following the distribution, Pioneer is likely to offer to purchase any uneconomic parcels to further facilitate a manageable register. ASX has provided advice to the Company permitting release from escrow restrictions which might otherwise apply, to allow the distribution to take place in this manner.

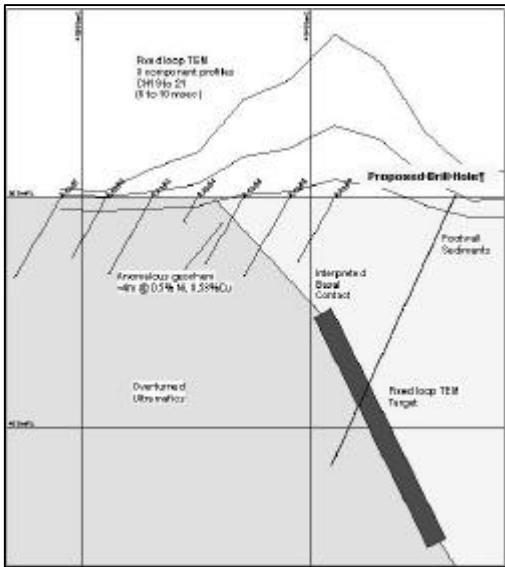


Figure 2
Acra Fixed Loop TEM Target

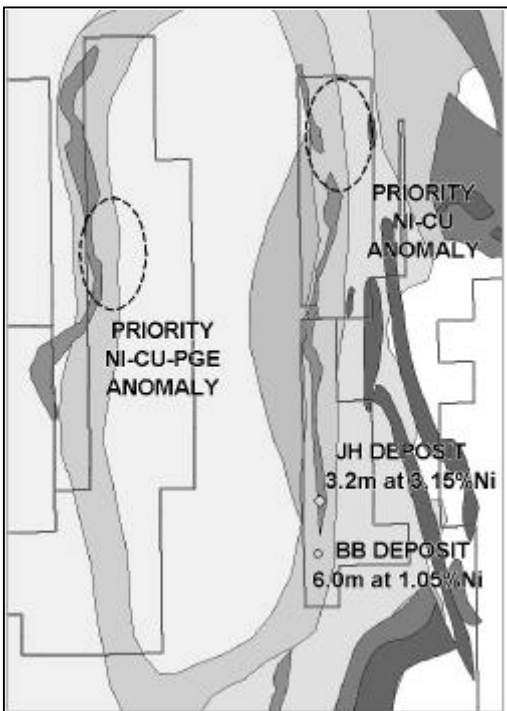


Figure 3
Pioneer Nickel Sulphide Deposits

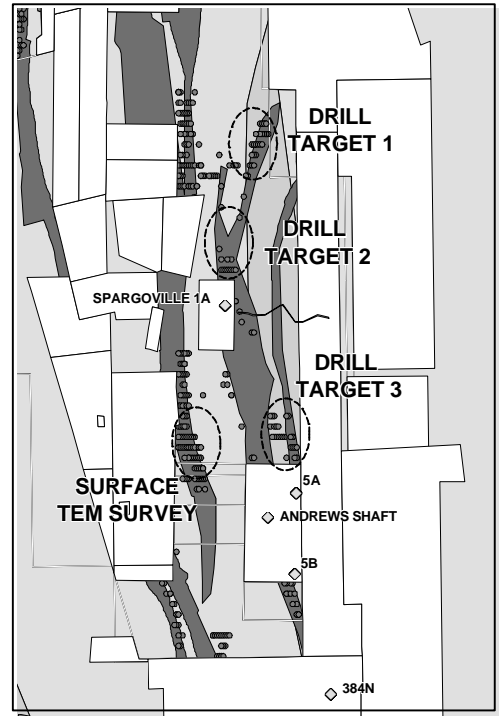


Figure 4
Wattle Dam Drilling Target

SECTION 3

HERON RESOURCES LIMITED
ABN 30 068 263 098

GEOLOGICAL OVERVIEW OF PIONEER'S EXPLORATION PROJECTS**1. Introduction**

Heron has a 10,000km² tenement holding containing portions of ultramafic belts with potential to host nickel sulphide mineralisation, notably of the Kambalda and Silver Swan komatiite hosted style.

Pioneer Nickel Limited was incorporated in January 2003 to develop those ultramafic tenements held by Heron which were considered more prospective for nickel sulphide, as opposed to nickel laterite. Pioneer has generated three main target provinces:

i. Pioneer Project

The project is an 81km² contiguous holding covering the southern strike extension of the komatiite sequence which hosts the Widgiemooltha-Miitel-Redross nickel sulphide deposits. Pioneer plans a substantial drilling program to test coincident geochemical and ground ElectroMagnetic ("EM") targets occurring within a 24km komatiite strike length. The Pioneer focus for initial drilling is the JH Nickel Deposit, a "Nickel Boom" discovery estimated to contain 32,500 tonne at 1.1% Ni, occurring as the secondary sulphides violarite and marcasite. The Pioneer exploration strategy is to complete detailed ground EM prior to drilling below the secondary sulphides, to test at depth for the primary nickel sulphide pentlandite with pyrrhotite.

Additionally, a further 992km² of komatiite hosting ground is held at the **Higginsville, Wattle Dam, Larkinville** and **Londonderry East** projects within the Pioneer-Widgiemooltha nickel sulphide district. These projects have "walk-up" nickel sulphide drill targets.

ii. Acra Project

The project is a 787km² near contiguous holding covering the Acra nickel sulphide deposits and a total 135km strike of the host structure and komatiite sequence. The Pioneer focus for initial drilling are the **Acra, Acra West** and **Jubilee Nickel Deposits**, all being "Nickel Boom" nickel sulphide discoveries. The Pioneer exploration strategy is to commence immediate drill testing on listing of previous down-hole EM targets confirmed by Pioneer's geophysical interpretations.

iii. Heazlewood Project

The Heazlewood Project geological setting is felt to be similar to that of the Noril'sk copper-nickel-PGM mining centre of Siberia, the world's largest nickel producer. Both mineralised districts occur at intra-cratonic rift "triple junction" flexures, at the north-western craton margin of the Siberian Platform for Noril'sk, and Tyennan Platform for Heazlewood. The Platform cover sequences in both provinces include Permo-Triassic terrestrial clastic sediments, evaporites and coal measures, intruded by vast volumes of dolerite with co-magmatic flood basalts. These are both classical rift settings, with the potential to host rift-related nickel sulphide mineralisation. A Century ago, Heazlewood was a world-leading producer of the PGM "osmiridium", with PGM producers including the **Caudry** and **Pursell**.

Pioneer believes that the production opportunities for the company's Eastern Goldfields nickel projects are strong, occurring as they do within mineralised Archaean komatiites that support operating nickel mines immediately along strike. The Eastern Goldfields has been recognised as a world-class nickel province since the 1966 Kambalda discovery, with individual mines typically hosting around 10,000 to 100,000 tonne of contained nickel metal.

Pioneer also seeks exposure to geological provinces with the potential to host a world-class nickel mine, with scope for a target of 1,000,000 tonne of contained nickel metal. These tend to be hosted by post-Archaean mafic layered complexes, with the great world examples including the Proterozoic Voisey's Bay and Triassic Noril'sk deposits. This "big target" strategy has led to the Heazlewood Project in Northwest Tasmania.

There essentially has been no modern nickel sulphide exploration on most of the Pioneer tenement portfolio. Pioneer's strategy is uncomplicated. It is to be the first company to complete systematic ground EM with follow up diamond drilling and down-hole EM on ground that has been virtually unexplored for nickel sulphides since the "Nickel Boom" of 30 years ago. It is largely this strategy in the Eastern Goldfields that has led to the Cosmos, Waterloo and Emily Ann nickel sulphide discoveries over the last 5 years.

2. Exploration Projects

2.1 Acra Project

Pioneer 100%.

Nickel - gold. Heron retains Nickel Oxide and Laterite rights.

The Acra Nickel Project consists of 5 tenements covering 403km² located 60km NE of Kalgoorlie on the western flank of the Mulgabbie Dome. The area to the immediate east is subject to active nickel laterite exploration by Heron, with current resources of 40.6 million tonne at 1.06% Ni and 0.07% Co.

The Acra exploration model is massive nickel sulphide mineralisation associated with komatiite lava tubes and lateral breakouts. This deposit style is characterised by basal thermal erosion of a sulphidised substrate, with nickel sulphide deposition occurring within gravity traps in the basal lava flow.

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 sulphide mineralisation during the "Nickel Boom", with mineralisation located at the Acra and Jubilee Prospects.

Acra Prospect

Previous drilling has identified nickel sulphide mineralisation over a 1km strike length along the eastern basal contact of an olivine orthocumulate flow unit. The sulphidised Acra lava channel has nickel sulphide mineralisation identified in drilling over widths of up to 200 metres and is open at depth. Although mineralisation as previously intersected is generally broad, low grade disseminated nickel sulphide, a narrow zone of massive violerite-chalcopyrite-pyrite was intersected in previous diamond drill hole AD-04.

Better drilling results from Acra include:

- 21.0m at 0.53% Ni in AD-13.
- 18.0m at 0.63% Ni in ARC-03, within an 80m wide disseminated nickel sulphide package.
- 0.3m at 4.36% Ni in AD-04, occurring as massive sulphide.

A surface Transient ElectroMagnetic ("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 Pioneer'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.

Downhole TEM has detected a particularly strong response in RC drill hole ARC-02, which is a prime follow up drill target for massive sulphides. In ARC-02, the very strong EOH off-hole anomaly is at 175m within ultramafics. ARC-03 was drilled 100m south of this section, intersecting 80m of disseminated nickel sulphide (from 120m to 200m EOH, basal contact not tested).

Check sampling of old Acra 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 sulphides) being present. Importantly, PGMs were significantly anomalous at 20-95ppb Pt and 40-195ppb Pd.

An aggressive program of RC/diamond drilling and ground and down-hole TEM is planned (refer figure 2).

Jubilee Prospect

Gossan sampling from old costeans by Pioneer has returned up to 1.3% Ni, 0.16% Cu, 0.4g/t Pt and 0.4g/t Pd. The main gossan is of a massive cellular boxwork style, with the high Cu-Pt-Pd values particularly encouraging. This gossan is unequivocally derived from massive sulphide, and detailed ground TEM is proposed in order to locate and map the sulphide horizon.

Moving loop TEM coverage over the entire **Acra to Jubilee Prospect** is required to provide better resolution of the 13 conductors currently defined within a **5.6km strike of prospective Nickel Sulphide stratigraphy**. This zone additionally contains the **JSW 1020** and **Trinidad** nickel sulphide gossans, which although discovered during the "Nickel Boom", still remain to be adequately drill tested.

The nickel sulphide structural zone also has excellent gold potential, and hosts the **Jubilee Gift Gold Mine**, which between 1899 and 1903 produced 1,517 tonne of ore with an average grade of 21.3g/t Au. Gold targets are available for drill testing, following up previous intercepts below old workings.

2.2 Pioneer Project

Pioneer 100%.

Nickel - gold. Heron retains a pre-emptive right on Nickel Oxide and Laterite.

The Pioneer Project consists of 2 tenements covering 81km² located 125km SSE of Kalgoorlie immediately south of areas of current nickel sulphide mining on komatiite units flanking the Pioneer and Widgiemooltha Domes.

The Pioneer Ultramafic Unit consists of three separate ultramafic horizons (Western, Central and Eastern) that correlate with the Widgiemooltha Mine Sequence at the Miitel, Redross and Mt Edwards Nickel Sulphide mines.

JH and BB Prospects

The basal Western Ultramafic hosts the JH and BB Nickel Sulphide Deposits, which have three identified nickel sulphide shoots with an Inferred Mineral Resource (not JORC) estimated at 32,500t at 1.1% Ni. Best drill intercept is JH8, with 3.2m at 3.1% Ni. The Deposits were discovered from gossans assaying up to 1.1% Ni and 0.7% Cu (refer figure 3).

North of JH-BB, previous sporadic drilling of the Western Ultramafic has intersected disseminated nickel sulphide on the 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.

Aeromagnetic interpretation by Pioneer has identified localised zones of thickening within the ultramafic stratigraphy, consistent with the presence of further komatiite channels warranting EM and drill testing.

2.3 Higginsville Project

Pioneer 100%.

Nickel - gold. Heron retains a pre-emptive right on Nickel Oxide and Laterite.

The Higginsville Project consists of 6 tenements covering 529km² located 100km SSE of Kalgoorlie within areas of current nickel sulphide mining on komatiite units flanking the Pioneer and Widgiemooltha Domes.

The Higginsville Project is targeting the Pioneer Ultramafic Unit, where it occurs along the western and southern margin of the Pioneer Dome. The project includes the **Spinifex Prospect** nickel sulphide target, with excellent coincident Ni-Cu-PGM soil anomalism, and the **400 Prospect**, with high order nickel-copper anomalism adjacent to the Jimberlana Dyke.

Aeromagnetic interpretation by Pioneer indicates the presence of distinct lava komatiite channels, which will be the focus exploration.

2.4 Wattle Dam Project

Pioneer 100% of nickel rights. Ramelius Resources Limited owns all non-nickel rights.

Nickel. Heron retains a pre-emptive right on Nickel Oxide and Laterite.

The Wattle Dam Project consists of 12 tenements covering 67km² located 55km SW of Kalgoorlie within an area of historical nickel sulphide mining. The project covers a 12km N-S strike of the main Spargoville Mine Sequence basalt-black shale-ultramafic contact. The Spargoville Mine Sequence at Wattle Dam includes three separate komatiite horizons, being the immediate strike extensions of the Spargoville 1A and 5A, 5B and 3/5D (Andrews) nickel sulphide mines (refer figure 4). The Spargoville mine group is the immediate northern strike extension of the Mt Edwards group of nickel sulphide mines.

Soil geochemistry confirms the Wattle Dam project area to be highly anomalous, with coincident nickel and copper values over the entire strike length of Spargoville Mine Sequence, providing four immediate targets for surface TEM followed by RC drilling.

Gossan searches by Pioneer have identified several prospective zones, where previous exploration has been restricted to costeaning and shallow percussion drilling during the 1960s "Nickel Boom".

2.5 Larkinville Joint Venture Project

Pioneer 100% of nickel rights, Ramelius right to earn 75% of non-nickel rights.
Nickel - gold. Heron retains a pre-emptive right on Nickel Oxide and Laterite.

The Larkinville-Londonderry-Bullabulling project area consists of 13 tenement applications covering 348km² located 60km SW of Kalgoorlie within areas of historical nickel sulphide and gold mining.

Ramelius Resources Limited ("Ramelius") 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 \$0.75million 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.

Open file reviews have confirmed 0.5-0.9% Ni intercepts in laterite from 1970s drilling at Logan's Find. There is an absence of modern soil PGM and EM survey, so systematic programs are required.

2.6 Londonderry East Project

Pioneer 100%.

Nickel - gold. Heron retains a pre-emptive right on Nickel Oxide and Laterite.

The Londonderry East Project consists of 1 tenement application covering 48km² located 10km E of the Nepean nickel sulphide mine, within a predominantly soil-covered and parallel komatiite sequence.

2.7 Maggies Hays Lake Joint Venture Project

Pioneer 100%. LionOre right to earn 70% in all minerals.

Nickel - gold .

The Maggie Hays Lake joint venture project consists of one tenement application covering 81km² located 140km SE of Southern Cross within areas of current nickel sulphide and gold mining.

Heron on behalf of Pioneer has entered into an agreement with LionOre Australia (Nickel) Limited ("LionOre") whereby LionOre may earn a 70% interest in all minerals from Heron's Maggie Hays Lake Project through expending \$0.20million within four years. The project was presented to LionOre with two nickel sulphide targets defined for further evaluation. Once LionOre earns its equity, Pioneer 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.

It is expected that any nickel sulphide production from the Joint Venture Project will be toll treated on commercial terms at LionOre's Emily Ann Plant.

TEM surveys have identified two high priority conductor anomalies consistent with nickel sulphide mineralisation. RAB drilling within the project area confirms the presence of an ultramafic association, with clays in previous drilling assaying up to 28m at 0.6% Ni, with encouraging Cu-PGM. The TEM targets are located 5km SE along strike from the Maggie Hays and Emily Ann nickel sulphide mines, and are high priority drill targets.

Additionally, further south from the nickel sulphide targets in areas marginal to Lake Johnson, previous auger sampling has generated anomalous gold geochemistry associated with aeromagnetic anomalies over regional structural zones. Gold nuggets previously have been recovered from the anomalous area.

2.8 Silver Swan Northwest Project

Pioneer 100%.

Nickel - gold.

The Silver Swan Northwest project area consists of 10 tenements covering 492 km² located 6.5km NW along strike from the Silver Swan and Black Swan nickel sulphide mines. The project area contains ultramafic channels and flows to the west of the regional Moriaty Shear, considered the domain boundary for the ultramafic stratigraphy hosting Silver Swan. Additionally, the project area represents the eastern fold repetition across the Scotia-Kanowna Dome of the komatiite sequence which hosts the historic Scotia nickel sulphide mine.

Data reviews for the project area record that historical nickel exploration, generally prior to 1980, has included gossan searches, geochemistry, RAB drilling, ground magnetics and IP surveys. Gossans were recognised during the "Nickel Boom" within the Silver Swan Northwest project area, with values to 1% Ni recorded.

Detailed aeromagnetic data will be used to define ultramafic lava channels, which are documented to host nickel sulphide occurrences in the Silver Swan area. In the Kambalda and Widgiemooltha nickel mining centres, ore bodies tend to occur in channel-related clusters, which is the exploration model for Pioneer's Silver Swan Northwest project area. Systematic TEM survey of all magnetic and gossan targets is planned.

2.9 Boomerang Lake Project

Pioneer 100%.

Nickel - gold. Heron retains Nickel Oxide and Laterite rights.

The Boomerang Lake Project consists of 4 tenement applications covering 384km² located immediately north along strike of the Acra-Binti Binti nickel sulphide belt, within the same komatiite sequence. The komatiite belt is directly associated with a major crustal structure, termed the Emu Fault. From aeromagnetic interpretation, several distinct komatiite channel targets are present. Joint venture discussions with a "major" are current.

2.10 Heazlewood Project, Northwest Tasmania

Pioneer 100%.

PGM - nickel - copper - gold.

Pioneer has lodged an application covering the Heazlewood Project located in Northwest Tasmania. Infrastructure is excellent, with the port and regional centre of Burnie located 65km NE of Heazlewood.

The Heazlewood Project was applied for on the basis of its interpreted geological similarity to the Noril'sk copper-nickel-PGM mining centre of Siberia, the world's largest nickel producer

The project area covers the Heazlewood Serpentinite Complex, a 15km N-S and 5km E-W differentiated ultramafic complex occurring within a Cambrian to Devonian rift basin. The complex youngs eastwards, and consists from the base of peridotite-bronzite, then pyroxenite and upper saussuritised gabbro. Heazlewood has previously been interpreted as an ophiolite complex, which could highlight the target as more PGM, than nickel-copper. However, in view of the intra-cratonic rift setting, it is difficult to reconcile an oceanic ophiolite interpretation. There has been virtually no modern nickel exploration documented in the project area.

The main Heazlewood PGM mineralisation is at Bald Hill, associated with intensely talc altered and weathered chalcidised serpentinite. The **Caudry Osmiridium Mine** workings are located on the west side of Bald Hill, and consist of a trench 50m long and up to 2m wide and 5m deep, following a NW trending "joint plane". The **Pursell Osmiridium Mine** is in the central part of the Bald Hill, sited on a stockwork of cellular limonite-silica gossans, with remnant pyrite, pyrrhotite and magnetite. Associated minerals are gold, platinum and chromite. Osmiridium occurs both within gossan and in the serpentinite wall rock. The gossans are typically en echelon veins, trending NE and NW, with strike lengths exceeding 1km, and widths up to 1m. Nickel sulphide occurs as irregular pentlandite and heazlewoodite veins.

3. Summary

Pioneer's exploration priorities to June 2004 are as follows:

- RC/diamond drill testing of the Acra Project DHTeM anomalies.
- RC/diamond drill testing beneath the Pioneer JH Deposit secondary nickel sulphide mineralisation.
- Ground TEM and RC drill testing of the Jubilee, JSW 1020 and Trinidad nickel gossans at Acra.
- Ground TEM of the Wattle Dam Project soil Cu-Ni anomalies, prior to RC drill testing.
- Ground TEM of the Higginsville Project soil Cu-Ni-PGM anomalies, prior to RC drill testing.
- Soil Cu-Ni-PGM sampling of the Heazlewood Serpentinite Complex.

The Directors of Heron and Pioneer view the above targets to be particularly robust, with good potential to host nickel sulphide mineralisation.

As well as its current exploration portfolio, Pioneer has been developed as a vehicle for the potential acquisition of an advanced stage nickel sulphide project, most likely post-IPO.

Appendix A

Pro forma Consolidated Statement of Financial Position of Heron Resources Limited post reduction

The following unaudited pro forma consolidated statement of financial position has been prepared by the Company on the basis of the Company's unaudited consolidated statement of financial position as at 31 July 2003, adjusted for the following:

- (a) the transfer of the Company's rights, titles and interests in nickel sulphide assets to Pioneer for \$360,000 satisfied by the issue of 15,000,000 Pioneer shares at a deemed issue price of \$0.024 per share;
- (b) the assumption that the 1 for 10 entitlements issue pursuant to a prospectus lodged with ASIC on 10 September 2003 is fully subscribed and 11,230,873 Shares are allotted and issued at \$0.14 per Share;
- (c) the in-specie distribution of 15,000,010 Pioneer shares by the Company to its Shareholders;
- (d) the conversion of 21 Convertible Notes of \$21,000 each resulting in the allotment and issue of 3,150,000 shares at \$0.14 per Share;
- (e) the de-merger of Pioneer from the Company's consolidated statement of financial position;
- (f) the loan to Pioneer, to be repaid on listing, categorised as a current receivable.

HERON RESOURCES LTD

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2003

	Proforma unaudited 31-July-03 \$	unaudited 31-July-03 \$	audited 30-Jun-03 \$
CURRENT ASSETS			
Cash assets	2,238,251	698,687	699,100
Receivables	170,702	61,452	77,202
TOTAL CURRENT ASSETS	2,408,953	760,139	776,302
NON-CURRENT ASSETS			
Property, plant and equipment	49,407	49,407	49,407
Exploration and evaluation costs	14,635,398	15,062,892	14,791,984
TOTAL NON-CURRENT ASSETS	14,684,805	15,112,299	14,841,391
TOTAL ASSETS	17,093,758	15,872,438	15,617,693
CURRENT LIABILITIES			
Payables	156,391	597,391	311,090
Provisions	90,017	90,017	90,017
TOTAL CURRENT LIABILITIES	246,408	687,408	401,107
TOTAL LIABILITIES	246,408	687,408	401,107
NET ASSETS	16,847,350	15,185,030	15,216,586
EQUITY			
Share capital	26,424,188	24,770,876	24,770,876
Accumulated losses	(9,576,838)	(9,585,846)	(9,554,290)
TOTAL EQUITY	16,847,350	15,185,030	15,216,586

The Company will have 122,789,600 shares on issue on the assumption that the 1 for 10 entitlements issue is fully subscribed.

Should the remainder of the Convertible Notes on issue be converted the Company will have 123,539,600 Shares on issue.

The Company has the following Options on issue:

<u>Number</u>	<u>Details</u>
100,000	Unlisted Options expiring on 4 February 2004 exercisable at \$0.25 each
785,000	Unlisted Options expiring on 19 October 2004 exercisable at \$0.35 each
785,000	Unlisted Options expiring on 19 October 2004 exercisable at \$0.50 each
2,000,000	Unlisted Options expiring on 20 December 2004 exercisable at \$0.35 each
500,000	Unlisted Options expiring on 30 June 2005 exercisable at \$0.35 each
500,000	Unlisted Options expiring on 30 June 2005 exercisable at \$0.50 each
350,000	Unlisted Options expiring on 23 April 2006 exercisable at \$0.30 each

Appendix B

Pro forma Balance Sheet of Pioneer Nickel Limited post reduction

The following unaudited pro forma statement of financial position has been prepared by Pioneer on the basis of Pioneer's unaudited statement of financial position as at 31 July 2003, adjusted for the following:

- (a) the acquisition of Heron's rights, titles and interests in nickel sulphide assets by Pioneer for the issue of 15,000,000 shares at \$0.024 each totalling \$360,000;
- (b) the issue of 1,000,000 vendor shares at an issue price of \$0.03 to Killoran Pty Ltd (totalling \$30,000) as consideration for the purchase of the Wattle Dam Project;
- (c) estimated stamp duty payable on the acquisition of \$2,340;
- (d) estimated equity issuance costs of \$20,000; and
- (e) the loan from Heron, to be repaid on listing, categorised as a current payable.

PIONEER NICKEL LIMITED
PROFORMA STATEMENT OF FINANCIAL POSITION
AT 31 JULY 2003

	Proforma unaudited 31-July-03 \$	Unaudited 31-July-03 \$	audited 30-Jun-03 \$
CURRENT ASSETS			
Cash assets	32,759	32,759	32,759
TOTAL CURRENT ASSETS	32,759	32,759	32,759
NON CURRENT ASSETS			
Exploration and evaluation costs carried forward	472,909	67,494	67,494
TOTAL NON CURRENT ASSETS	472,909	67,494	67,494
TOTAL ASSETS	505,668	100,253	100,247
CURRENT LIABILITIES			
Payables	144,665	-	-
TOTAL CURRENT LIABILITIES	144,665	-	-
NON-CURRENT LIABILITIES			
Payables	-	109,250	107,945
TOTAL NON-CURRENT LIABILITIES	-	109,250	107,945
TOTAL LIABILITIES	144,665	109,250	107,945
NET ASSETS/(LIABILITIES)	361,003	(8,997)	(7,698)
EQUITY			
Contributed equity	370,010	10	10
Accumulated losses	(9,007)	(9,007)	(7,708)
TOTAL EQUITY/(DEFICIENCY)	361,003	(8,997)	(7,698)

The Company will have 15,000,010 shares on issue after the issue of shares to acquire Heron's rights, titles and interests in nickel sulphide assets, and 1,000,000 shares to Killoran Pty Ltd to purchase Wattle Dam.

Pioneer currently has no options on issue. Pioneer intends, at its Annual General Meeting to be held in September 2003, to approve the issue of a total 3,300,000 unlisted options exercisable at \$0.25 on or before 31 December 2007 to Directors, officers, employees and associates. Pioneer intends to issue 3,500,000 unlisted options exercisable at \$0.25 on or before 31 December 2007 to Heron upon Pioneer's listing on ASX.

**PIONEER NICKEL LIMITED TENEMENT SCHEDULE
31 JULY 2003**

Project	Prospect	Tenement Identifier	Registered Holder	Area ha/bl	Area km ²	Date Granted	Date Expire	Expend Commit\$
Acra	Sampson	E27/00273 ¹	Heron Res Ltd	63	176.40	pend	n/a	n/a
Acra	Kalpini	E27/00278 ¹	Heron Res Ltd	41	114.80	pend	n/a	n/a
Acra	Acra	E28/01223 ¹	Heron Res Ltd	39	109.20	6/11/02	5/11/07	\$34,200
Acra	Jubilee	P28/00972 ¹	Heron Res Ltd	120	1.20	26/09/01	25/09/05	\$4,840
Acra	Jubilee	P28/00991 ¹	Heron Res Ltd	129	1.29	pend	n/a	n/a
					402.89			\$39,040

¹ Heron retains Nickel Laterite and Nickel Oxide Rights

Pioneer	Pioneer	E15/00573 ^{2,3}	Heron Res Ltd	17	47.60	21/09/00	20/09/05	\$20,000
Pioneer	Pioneer	E63/00753 ^{2,3}	Heron Res Ltd	12	33.60	pend	n/a	n/a
					81.20			\$20,000

² Heron has a pre-emptive right to Nickel Laterite and Nickel Oxide

³ Letter agreement WMC, Pioneer beneficial ownership of JH, BB Deposits (former WMC M63/322app), WMC offtake right

Higginsville	Wannaway West	E15/00804 ²	Heron Res Ltd	6	16.80	pend	n/a	n/a
Higginsville	Widgiemooltha	E15/00807 ²	Heron Res Ltd	17	47.60	ballot	n/a	n/a
Higginsville	Lake Cowan	E63/00845 ²	Pioneer Nickel Ltd	44	123.20	pend	n/a	n/a
Higginsville	Chalice South	E63/00846 ²	Pioneer Nickel Ltd	70	196.00	pend	n/a	n/a
Higginsville	Theatre Rocks	E63/00847 ²	Pioneer Nickel Ltd	42	117.60	pend	n/a	n/a
Higginsville	Chalice South	E63/00849 ²	Pioneer Nickel Ltd	10	28.00	pend	n/a	n/a
					529.20			\$0

² Heron has a pre-emptive right to Nickel Laterite and Nickel Oxide

Wattle Dam	Wattle Dam	E15/00718 ^{2,4}	Killoran	20	56.00	pend	n/a	n/a
Wattle Dam	Wattle Dam	M15/01101 ^{2,4}	Killoran	522	5.22	pend	n/a	n/a
Wattle Dam	Wattle Dam	P15/03632 ^{2,4}	Ramelius Res Ltd	85	0.85	1/11/94	31/10/98	\$3,400
Wattle Dam	Wattle Dam	M15/01264 ^{2,4}	Ramelius Res Ltd	{85}		pend	n/a	n/a
Wattle Dam	Wattle Dam	P15/03637 ^{2,4}	Ramelius Res Ltd	105	1.05	1/11/94	31/10/98	\$4,200
Wattle Dam	Wattle Dam	P15/03638 ^{2,4}	Ramelius Res Ltd	112	1.12	1/11/94	31/10/98	\$4,480
Wattle Dam	Wattle Dam	M15/01263 ^{2,4}	Killoran	{217}		pend	n/a	n/a
Wattle Dam	Wattle Dam	P15/03767 ^{2,4}	Ramelius Res Ltd	60	0.60	13/02/96	12/02/00	\$2,400
Wattle Dam	Wattle Dam	M15/01323 ^{2,4}	Ramelius Res Ltd	{50}		pend	n/a	n/a
Wattle Dam	Wattle Dam	P15/03873 ^{2,4}	Ramelius Res Ltd	84	0.84	18/06/96	17/06/00	\$3,360
Wattle Dam	Wattle Dam	M15/01338 ^{2,4}	Ramelius Res Ltd	{87}		pend	n/a	n/a
Wattle Dam	Wattle Dam	P15/04479 ^{2,4}	Killoran	138	1.38	pend	n/a	n/a
					67.06			\$17,840

² Heron has a pre-emptive right to Nickel Laterite and Nickel Oxide

⁴ Ramelius Resources Limited owns non-nickel rights, a Deed of Assignment required

Larkinnville JV	Bullabulling	E15/00679 ^{2,5}	Heron Res Ltd	41	114.80	pend	n/a	n/a
Larkinnville JV	Larkinnville	E15/00689 ^{2,5}	Heron Res Ltd	36	100.80	pend	n/a	n/a
Larkinnville JV	Wannaway Northeast	E15/00742 ^{2,5}	Heron Res Ltd	7	19.60	pend	n/a	n/a
Larkinnville JV	Jaurdie Hills	E16/00269 ^{2,5}	Avoca Res Ltd	36	100.80	pend	n/a	n/a
Larkinnville JV	Larkinnville	P15/04213 ^{2,5}	Heron Res Ltd	121.6	1.22	28/03/00	27/03/04	\$4,880
Larkinnville JV	Larkinnville	P15/04214 ^{2,5}	Heron Res Ltd	121.4	1.21	28/03/00	27/03/04	\$4,880
Larkinnville JV	Londonderry	P15/04435 ^{2,5}	Heron Res Ltd	162.2	1.62	pend	n/a	n/a
Larkinnville JV	Londonderry	P15/04436 ^{2,5}	Heron Res Ltd	190.03	1.90	pend	n/a	n/a
Larkinnville JV	Londonderry	P15/04437 ^{2,5}	Heron Res Ltd	187.2	1.87	pend	n/a	n/a
Larkinnville JV	Londonderry	P15/04438 ^{2,5}	Heron Res Ltd	192	1.92	pend	n/a	n/a
Larkinnville JV	Londonderry	P15/04439 ^{2,5}	Heron Res Ltd	200	2.00	pend	n/a	n/a
Larkinnville JV	Londonderry	P15/04440 ^{2,5}	Heron Res Ltd	27.4	0.27	pend	n/a	n/a
Larkinnville JV	Logans	P15/04464 ^{2,5}	Heron Res Ltd	22	0.22	2/05/02	1/05/06	\$2,000
					348.24			\$11,760

² Heron has a pre-emptive right to Nickel Laterite and Nickel Oxide

⁵ Ramelius Resources Limited right to earn 75% in non-nickel rights through spending \$750,000, need Deed of Assignment

**PIONEER NICKEL LIMITED TENEMENT SCHEDULE
31 JULY 2003**

Project	Prospect	Tenement Identifier	Registered Holder	Area ha/bl	Area km²	Date Granted	Date Expire	Expend Commit\$
Londonderry	Londonderry	E15/00805 ²	Heron Res Ltd	17	47.60 47.60	pend	n/a	n/a \$0
² Heron has a pre-emptive right to Nickel Laterite and Nickel Oxide								
Maggie Hays Lk JV	Maggie Hays Lake	E63/00625 ⁶	Heron Res Ltd	29	81.20 81.20	pend	n/a	n/a \$0
⁶ LionOre Australia (Nickel) Limited right to earn 70% in all minerals through spending \$200,000, Formal Agreement in prep								
Silver Swan NW	Scotia East	E27/00169 ^{2,7}	Heron Res Ltd	56	108.40	15/05/97	14/05/02	\$50,400
Silver Swan NW	Scotia East	M24/00799 ^{2,7}	Heron Res Ltd	953.2	{9.53}	pend	n/a	n/a
Silver Swan NW	Scotia East	M24/00800 ^{2,7}	Heron Res Ltd	640.7	{6.41}	pend	n/a	n/a
Silver Swan NW	Carr Boyd South	E27/00290 ²	Regent Res Ltd	70	196.00	pend	n/a	n/a
Silver Swan NW	Lyndsays Find North	E27/00294 ²	Heron Res Ltd	1	2.80	pend	n/a	n/a
Silver Swan NW	Silver Swan North	E27/00299 ²	Regent Res Ltd	1	2.80	ballot, 2nd	n/a	n/a
Silver Swan NW	Mt Jewell	E27/00300 ²	Regent Res Ltd	30	84.00	ballot 1st	n/a	n/a
Silver Swan NW	Marsh Dam	E27/00309 ²	Regent Res Ltd	15	42.00	pend	n/a	n/a
Silver Swan NW	Carr Boyd	E31/00617 ²	Regent Res Ltd	1	2.80	pend	n/a	n/a
Silver Swan NW	Silver Swan North	M27/00388 ²	Heron Res Ltd	554	5.54 491.94	pend	n/a	n/a \$70,400
² Heron has a pre-emptive right to Nickel Laterite and Nickel Oxide								
⁷ Avoca Resources Limited owns non-nickel rights, Deed of Assignment required								
Boomerang Lake	Boomerang Lake	E31/00519 ¹	Heron Res Ltd	56	156.80	pend	n/a	n/a
Boomerang Lake	Mt Ballona	E31/00575 ¹	Heron Res Ltd	24	67.20	pend	n/a	n/a
Boomerang Lake	Jungle Hill	E31/00579 ¹	Heron Res Ltd	29	81.20	pend	n/a	n/a
Boomerang Lake	Boomerang North	E31/00581 ¹	Heron Res Ltd	28	78.40 383.60	pend	n/a	n/a \$0
					2,432.93			\$159,040
¹ Heron retains Nickel Laterite and Nickel Oxide Rights								

Heron Resources Limited
ABN 30 068 263 098

Proxy Form

I/We, _____ being a Shareholder of
Heron Resources Limited, hereby appoint
of

or, in his absence the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at 10.00am on Wednesday, 15 October 2003 and at any adjournment of that meeting in respect of:

- The whole of my voting rights
 % of my voting rights

(Please complete as appropriate. If no details are inserted and only one proxy is appointed, it will be assumed that the proxy is for all of the voting rights of the Shareholder.)

If you do not wish to direct your proxy how to vote, please place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the Resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

Should you desire to direct your proxy how to vote in relation to each Resolution to be considered at the meeting, please complete the following section of this form by inserting "X" in the appropriate boxes. If you do not direct your own proxy on any item, he/she will vote on it as he/she thinks fit or may abstain from voting.

I instruct my proxy to vote as indicated in respect of:

	For	Against	Abstain
1. Equal Reduction of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Trust and In Specie Distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

It is the intention of the Chairman to vote in favour of each of the Resolution in relation to any undirected proxies.

Signed this _____ day of _____ 2003

INDIVIDUALS

CORPORATIONS

Director / Sole Director and Sole Secretary

Director / Secretary

Please return this Proxy Form by 10am WST 13 October 2003 to:

Mailing Address for Proxy Form: Heron Resources Limited, 21 Close Way, Kalgoorlie WA 6430
P O Box 1280 Kalgoorlie WA 6430
Facsimile Address for Proxy Form: Heron Resources Limited, (08) 9091 9256