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Company Announcements Office  
Australian Stock Exchange Limited  
4<sup>th</sup> Floor  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**IN SPECIE DISTRIBUTION OF HERON RESOURCES LIMITED'S SHAREHOLDING IN  
PIONEER NICKEL LIMITED**

The Directors of Heron Resources Limited ("Heron") and Pioneer Nickel Limited ("Pioneer") wish to advise that Heron's shareholding in Pioneer will be distributed to Heron shareholders with effect on 10 September 2004.

On 15 October 2003 Heron shareholders approved the de-merger of Pioneer from Heron and the transfer of Heron's nickel sulphide assets to Pioneer. The consideration for transferring the nickel sulphide assets comprised the issue by Pioneer of 15 million ordinary shares and 3.5 million unlisted options exercisable at 25 cents each on or before 31 December 2007. Pioneer was subsequently admitted to the Official List of the Australian Stock Exchange ("ASX") on 1 December 2003 after a successful \$5.5 million initial public offer (ASX Code: PIO).

The 15 million ordinary shares issued to Heron have been held in trust on behalf of Heron shareholders and will be distributed to Heron shareholders for no cost as a distribution in specie on a pro rata basis of approximately one Pioneer share for every eight Heron shares held. As previously advised by Heron the record date for Heron shareholders entitlement to the Pioneer in specie shares was 28 October 2003. The 3.5 million unlisted options will continue to be retained by Heron and are subject to escrow conditions imposed by the ASX.

Upon the in specie share distribution Pioneer will also be offering shareholders with unmarketable parcels of shares the opportunity to either "top up" their shareholding, retain or sell the Pioneer shares distributed. Such shareholders will be notified in writing shortly by Pioneer.

Pioneer is presently at a very exciting stage of its development. Its geologists and consultants are continuing intensive field evaluations involving mapping, geochemistry and Transient Electromagnetic ("TEM") surveys to generate and test nickel sulphide drilling targets.

Exploration work to date has increased the drilled extent of nickel sulphide mineralisation at the Acra Project and a further eight targets, at the Rainbow Dam East, Scotia East and Wattle Dam Projects, have been identified and are scheduled for drilling during the September 2004 quarter.

Other targets are being investigated, with mapping, detailed geochemistry and TEM current at Wattle Dam where a nickel sulphide - bearing gossan was identified.

Yours sincerely

A handwritten signature in black ink, appearing to read "R. Arancini". The signature is written in a cursive, slightly slanted style.

Ross Arancini  
Company Secretary