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HERON RESOURCES LIMITED

Chairman's Address, 2004 AGM

The text of the address by Craig Readhead, Chairman of Heron Resources Limited ("Heron") to the Annual General Meeting of Heron in Kalgoorlie on 25 November 2004 is as follows:

*"Heron is focused on deriving shareholder value through the development of the **Kalgoorlie Nickel Project (KNP)**.*

*As Shareholders, you should know that the Company estimates that with the KNP it now controls **nickel and cobalt metal exceeding a\$100 billion** in the ground value. For perspective, the value in today's prices of the 50 million ounces of gold produced over a Century from the other world-famous Kalgoorlie project, the Golden Mile, is some A\$30 billion. We have in the KNP a truly remarkable world class mineral asset. Independent estimates are that it is the **world's second largest nickel resource**.*

Technical Developments During 2004

Heron has announced a time frame and pathway to fund and commission the KNP. Several milestones have been achieved by the Company during 2004, to move the KNP towards a definitive feasibility study and production:

- **Independent Mineral Resource Estimates**

*A JORC-compliant independent mineral resource estimate of **903 million tonne grading 0.74% nickel and 0.05% cobalt** was completed by Snowden Mining Industry Consultants.*

- **Independent Scoping Study**

Heron retained consulting engineers Sinclair Knight Merz to conduct an independent Scoping Study for the KNP. It is apparent that the KNP will have the key attributes typical of a major resource project.

Base case financial modeling, assuming a nickel price of US\$3.50 per pound indicates the KNP will have:

- *A 25% internal rate of return, which is world-competitive.*
- *Estimated A\$607 million net present value at a discount rate of 10%.*

These financial returns have been estimated over a project life of 25 years and assume the KNP produces 50,000tpa of nickel-in-intermediate product and 3,000tpa cobalt-in-intermediate product. The order of magnitude capital estimate for the KNP is A\$1,400 million.

- **Independent Screen Upgrade Study**

The next development target is to confirm the screen upgrade characteristics of the KNP mineralisation. Screening studies to date suggest "run-of-mine" low grade siliceous mineralisation will upgrade to deliver better than 1.5% nickel into the plant. Independent metallurgist Orestest is currently conducting operating plant-scale screen upgrade studies on bulk samples.

Corporate Advances During 2004

During the year, we are most fortunate to have secured the services of new directors Allan Trench and Mat Longworth. Their appointment to Heron is a part of the on-going process of building up the Board and management skill sets ahead of commissioning the KNP.

I acknowledge the enthusiasm and professionalism of our staff; Managing Director Ian Buchhorn, Exploration Director Mat Longworth, Senior Geologist Dave von Perger and Administration Manager Sarah Calvert. We are indeed fortunate to have available such high calibre management.

The challenge for Heron is to now extract value from its considerable in-ground resources. The next milestone is to form alliances with world majors as potential nickel development partners to assist with the Feasibility Studies required in order to commission the Kalgoorlie Nickel Project.

*C L Readhead
Chairman*

25 November 2003"

This concludes the Chairman's address.

Yours sincerely



Ian Buchhorn
Managing Director