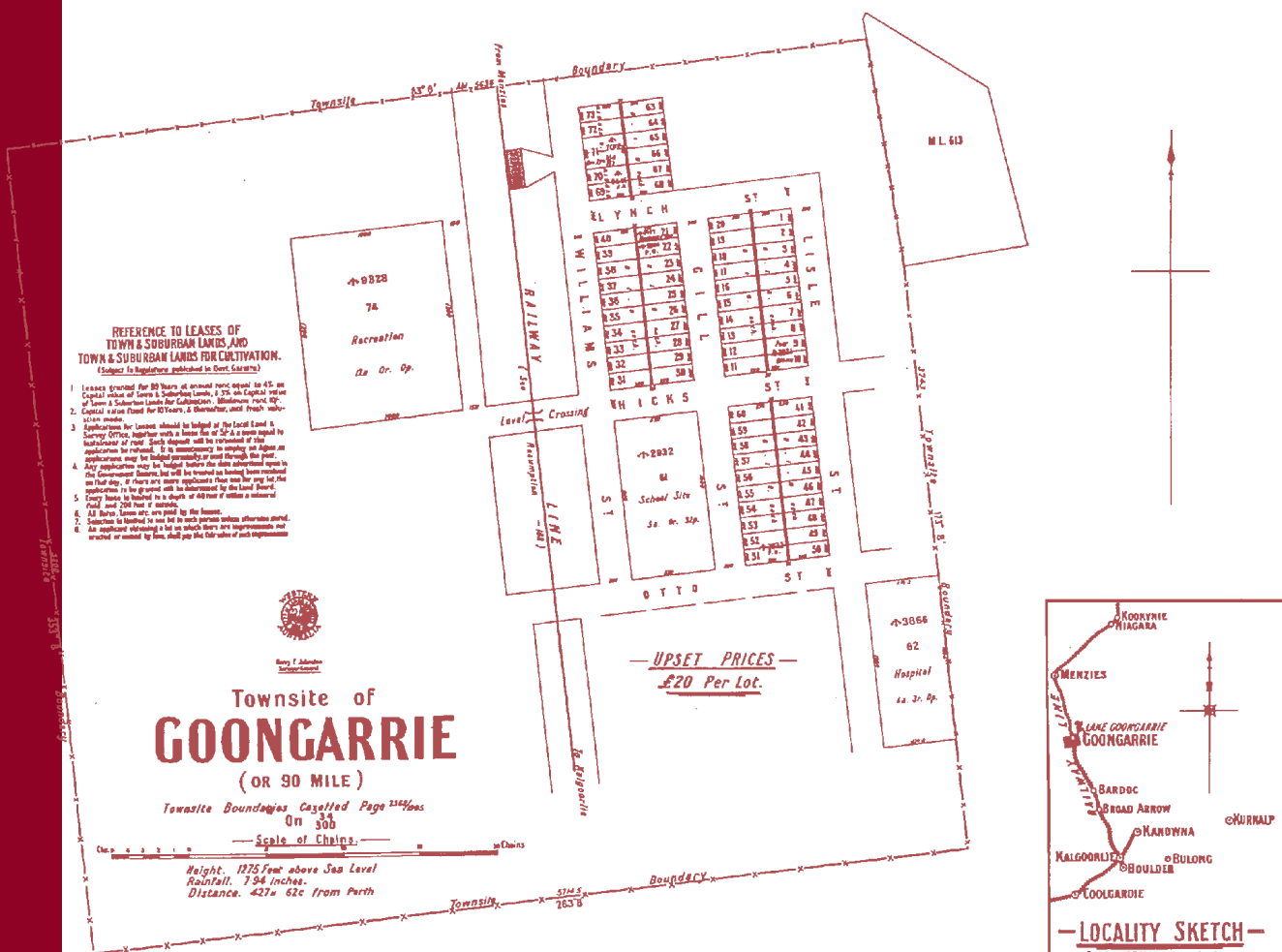


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3.0 Corporate Profile



HERON RESOURCES LIMITED ("Heron") is a Kalgoorlie-based exploration and development company. The corporate aim is to become a profitable mining company through the development of mineral deposits. Heron is focused on the exploration and development of its Nickel projects in the Eastern Goldfields of Western Australia.

The Company undertakes cost-effective exploration based on literature reviews, aeromagnetic interpretation, and ore resource drill testing of targets so generated.

The management of the Company is based in Kalgoorlie. Accordingly, the Company has excellent access to tenement acquisition opportunities, and to specialist contractor services. Administrative overheads are also maintained at lower levels due to the Kalgoorlie base.

The Company is managed and staffed by a team of four professional geoscientists with extensive industry experience. Specialist consultants are used as required, particularly in disciplines where due diligence may be required. Field programs such as drill rig access, drill site rehabilitation and hydrological monitoring are implemented under long-term contracts to experienced operators.

OBJECTIVES

- a) To convert the existing Nickel Laterite mineral resources into profitable mining operations for the Company;
- b) To explore for and develop Nickel Sulphide targets;
- c) To increase the value of the Company through the continued acquisition, exploration and development of mineral resources;
- d) To establish mining cash flows that increase the Company's market capitalisation and value to Shareholders;
- e) To conduct operations in a safe and environmentally responsible manner, to offer employment opportunities to those who live in the exploration provinces, and to respect and nurture the Indigenous culture of the exploration provinces; and
- f) Manage the risk in all exploration, development and corporate endeavours.

STRATEGY

- a) Acquire the maximum available equity in Nickel and associated commodity projects through pegging, optioning or outright purchase, concentrating within the Eastern Goldfields of Western Australia;
- b) Focus on cost-effective drill exploration to convert exploration targets into mineral resources;
- c) Location of the corporate base at Kalgoorlie within the principal area of operation;
- d) Active acquisition and testing of new exploration concepts and targets, such as the Kimberley base metal projects;
- e) Use of best management, technical and financial control techniques; and
- f) Utilise farm-outs where appropriate to spread exploration and commodity risk.

CORPORATE GOVERNANCE PRACTICES

General

The Company does not have any formally constituted committees of the Board of Directors. The Company is not of a size nor are its affairs of such complexity to justify the formation of separate or special committees. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

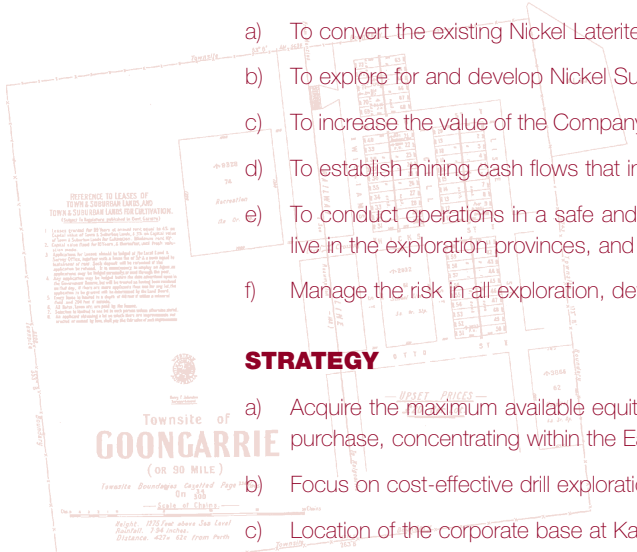
Composition of the Board

At the date of this statement the Board comprises three Directors, two of whom are non executive Directors. The names, qualifications and relative experience of each Director are included in the Directors' Report, Section 4.0.

The Company's Constitution provides that the number of Directors shall not be less than three and not more than ten (Clause 11.1.1). There is no requirement for any Share holding qualification although it is preferable that Directors will become significant Shareholders. An Employee Option Plan has been in operation to encourage Directors to take significant Shareholdings.

As the Company's activities increase in their size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately supervise the Company's activities determined within the limitations imposed by the Constitution and as circumstances demand.

The Company's Shareholders and incumbent Directors are able to and are encouraged to nominate suitably qualified candidates for Directorships. The Board as a whole reviews such nominations.



Board Membership

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the appointment of a suitable candidate for the Board shall include the quality of the individual, experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities and the mining industry, intellectual ability to contribute to the Board's duties and physical ability to undertake the Board's duties and responsibilities.

Under the Company's Constitution the tenure of the Directors (other than the Managing Director) is subject to re-appointment by Shareholders not later than the third anniversary following their last appointment (Clause 11.1.3). The Board does not subscribe to the principle of a retirement age and there is no maximum period of service as a Director.

Appointment to Other Boards

Directors are required to take into consideration any conflicts when accepting appointment to other boards. Accordingly, Directors wishing to accept appointment to other boards must first seek approval from the Board, approval of which will not unreasonably be withheld.

Directors' Remuneration

At the date of this statement the maximum per annum total amount payable to Directors as Director's fees was set by Shareholders at the annual general meeting on 23 November 2001 at \$175,000.

No Director's fees are paid to the Managing Director, who receives a salary approved by the Board.

Independent Support

The Board has determined that individual Directors may in appropriate circumstances engage outside advisers at the Company's expense. The engagement of an outside adviser is subject to the prior approval of the Board, approval of which will not unreasonably be withheld.

Compensation Arrangements

The Board is responsible for reviewing compensation arrangements (including superannuation and other benefits) for the Managing Director and other senior executives. The Company is not of a size to warrant a Remuneration Committee and relies on its knowledge of the industry and independent consultants for remuneration advice.

Continuous Review of Corporate Governance

Directors consider on an ongoing basis how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Company. Such information must be sufficient to enable Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. To this end, the Company and its controlled entities adopt annual Programs and Budgets, which provide a framework for the Company's activities for the following financial year.

The Directors recognise that mineral exploration has inherent risks and that operational strategies adopted should, notwithstanding, be directed towards improving the value of the net worth of the Company.

Audit

The Directors nominate the external auditors on the basis of their audit scope and quality, and their knowledge of the resource sector. The Directors do not consider it appropriate to tender the Company's audit on a short term basis.

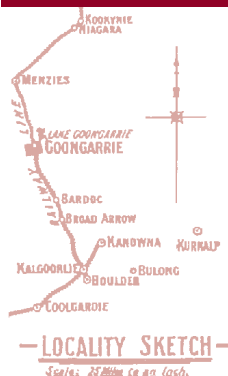
The auditors review the Company's operating procedures on an annual basis.

Risk Assessment and Management

The Company's focus on risk management recognises that it is primarily an issue for line management. The corporate risk management framework supports this but provides a structured context for personnel to undertake a yearly review of the past performance of, and to profile the current and future risks facing their area of responsibility. This is done away from the day to day pressure of their operational activities.

Trading by Directors and Employees in Company Securities

The purchase and sale of Company securities by Directors and employees is only permitted during the thirty calendar day period following the release of the quarterly and annual financial results to the market, and any other market announcements. Any proposed transactions must be notified to the Company Secretary in advance.



4.0 Directors' Report

The Directors submit their Report on the operations of the Company and its controlled entities for the **year ended 30 June 2002** including the accounts for the financial year ended on that date in accordance with a resolution of the Directors of the Company.

DIRECTORS

The names and details of the Directors of the Company in office at any time during or since the end of the year are:

Director **Craig Leslie Readhead - B.Juris. LL.B.**

Appointed 23 November 2001

Position Chairman (Non-Executive)

Craig Readhead is a lawyer with 25 years' legal and corporate advisory experience with specialisation in the resources sector. Mr Readhead is a partner of the law firm Pullinger Readhead Stewart and is a director of a number of listed and unlisted public companies involved in mining and exploration in Australia.

Mr Readhead was previously, from 3 September 2001, an alternate Director for Mr Rodney Evans.

Director **Ian James Buchhorn - BSc (Hons), Dip Geosci, MAusIMM**

Appointed 17 February 1995

Position Managing Director

Ian Buchhorn is a Mineral Economist and Geologist. He has worked on nickel, gold, lead-zinc and diamond projects in southern Africa. In Australia, Mr Buchhorn has worked on bauxite and industrial mineral mining and exploration, gold and base metal project generation, gold mine operation and in corporate evaluations. He has 30 years' experience as an economic geologist, and for the last 16 years, has acquired and developed projects throughout the Eastern Goldfields of Western Australia, commissioned several open cut gold mines and has been a Registered Mine Manager. Mr Buchhorn is responsible for the day to day technical management of the Company. He is active within the local community, serving as a Councillor for the City of Kalgoorlie-Boulder.

Director **Ross James Arancini - B.Bus CA**

Appointed 7 March 2002

Position Director (Non-Executive)

Ross Arancini is a Chartered Accountant and Company Secretary of Heron. He has been in private practice for 10 years specialising in providing corporate, secretarial and taxation advice and services to listed and unlisted public companies. Mr Arancini is a director and company secretary of a number of listed and unlisted public companies involved in mineral exploration.

Directors who have resigned during the reporting period are:

Director **Rodney Michael Evans**

Appointed Appointed 26 March 1996; Resigned 7 March 2002.

Position Chairman (Non-Executive)

Director **Robert George Colville**

Appointed Appointed 9 December 1996; Resigned 23 November 2001.

Position Director (Non-Executive)

Director **Peter James Lee**

Appointed Appointed 29 November 2000; Resigned 31 August 2001.

Position Director (Non-Executive)

The Directors acknowledge the enthusiasm and contributions of each of the retiring directors, Rod, Bob and Peter, to the development of Heron during their terms as Directors. Rod, as founding Chairman, has been of immense support in establishing the high corporate standards of Heron.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the year were:

- Nickel mineral exploration and development;
- Non-nickel mineral exploration activities, often implemented through farm-out; and
- Spin-off of various Heron non-core assets.

There has been no significant change in the nature of these activities during the year.

Directors' Report Continued



OPERATING RESULTS

The loss of the consolidated entity for the 2002 financial year after income tax of nil (2001 : nil) was \$1,196,381 (2001 : \$558,500).

DIVIDENDS

No dividends were paid during the year and the Directors do not recommend the payment of a dividend.

OPERATIONS REVIEW

The detailed review of operations of the consolidated entity for the year is contained in Section 2.0 of this Annual Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than noted below there were no significant changes in the state of affairs of the economic entity during the year.

A private placement of 4,000,000 Shares at \$0.26 per Share was made to Resource Capital Fund II L.P. ("RCF"), raising \$1,040,000. RCF were also issued (for no consideration) 2,000,000 Options exercisable by 20 December 2004 at \$0.35 per Share.

On completion of the spin-off of various gold assets to Avoca Resources Limited ("Avoca") for which it received fully paid shares in Avoca, the parent entity reduced its issued Share capital by making a pro rata in-specie distribution of 21,031,735 fully paid shares in Avoca to all holders of ordinary Shares in the parent entity on the basis of one Avoca share for every five Heron Shares held at 5 February 2002.

Heron, as part of the spin-off, received 6,000,000 options in Avoca exercisable on or before 30 June 2006 at \$0.25 per share.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than noted, at the date of this Report there is no matter or circumstance which has arisen since 30 June 2002 that has significantly affected or may significantly affect:

- The operations, in the financial years subsequent to 30 June 2002, of the consolidated entity;
- The results of those operations; or
- The state of affairs, in the financial years subsequent to 30 June 2002, of the consolidated entity.

Heron entered into a Letter Agreement with Minerals Processing and Marketing Pty Ltd ("MPM") and Atomaer Holdings Pty Ltd ("Atomaer") in which Heron granted to MPM and Atomaer exclusive rights until 31 December 2002 to negotiate and finalise, on behalf of Heron, a Financing Agreement between a Funding Party, Heron, MPM and Atomaer to finance feasibility studies and project development for the North Kalgoorlie Nickel Project in Western Australia, being dominantly Heron's Goongarrie and Kalpini nickel laterite projects.

At the date of this report due diligence studies are continuing.

OPTIONS

The following Options were issued during the year:

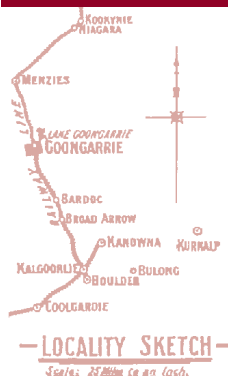
Number Issued	Expiry Date	Exercise Price
2,000,000	20 December 2004	\$0.35
500,000	30 June 2005	\$0.35
500,000	30 June 2005	\$0.50

The following Options were exercised during the year:

Number Issued	Expiry Date	Exercise Price
200,000	19 December 2002	\$0.25

The following Options expired during the year:

Number Issued	Expiry Date	Exercise Price
100,000	28 August 2001	\$0.25
150,000	1 September 2001	\$0.25
350,000	15 December 2001	\$0.25
50,000	5 March 2002	\$0.25



Directors' Report

Continued



As at 30 June 2002 the Company had the following Options on issue:

Number Issued	Expiry Date	Exercise Price
200,000	19 December 2002	\$0.35
200,000	19 December 2002	\$0.45
200,000	19 December 2002	\$0.55
200,000	19 December 2002	\$0.65
100,000	4 February 2004	\$0.25
785,000	19 October 2004	\$0.35
785,000	19 October 2004	\$0.50
2,000,000	20 December 2004	\$0.35
500,000	30 June 2005	\$0.35
500,000	30 June 2005	\$0.50

No Optionholder has any right under the Options to participate in any other Share issue of the Company or of any other entity.

LIKELY DEVELOPMENTS

The Company will continue its core nickel development activities through sole funded exploration and joint ventures where appropriate.

The Company is continually assessing commercial opportunities for corporate growth. Because of the unpredictable nature of these opportunities, developments could occur at short notice.

Further information is not included on the likely developments in the operations of the consolidated entity and the expected results of those operations, as it is the opinion of the Directors that this would prejudice the interests of the consolidated entity if included in this Report.

DIRECTORS' BENEFITS

Disclosure of benefits provided to Directors during the financial year is made in Notes 15 and 17 of the financial statements, in accordance with ASIC class order 98/2395.

DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY

There are no material contracts involving Directors' interests at the end of the financial year nor have any been entered into since the end of the previous financial year not otherwise disclosed in this Report.

DIRECTORS' SHAREHOLDING IN THE COMPANY

As at the date of this Report the interests of the Directors in the Shares of the Company were:

Director	Ordinary Shares		Options over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
C L Readhead	-	-	-	-
I J Buchhorn	2,447,857	30,463,298	-	1,800,000
R J Arancini	-	-	-	100,000

DIRECTORS MEETINGS

During the year the Company held 12 meetings of Directors. The attendance of the Directors at meetings of the Board were:

Director	Meetings held while a Director	Number of meetings attended
C L Readhead	9	9
I J Buchhorn	12	12
R J Arancini	3	3
R M Evans	9	8
R G Colville	5	3
P J Lee	2	2

Directors' Report

Continued



EMOLUMENTS OF DIRECTORS AND SENIOR EXECUTIVES

Directors' and executives' remuneration and other terms of employment are reviewed by the Board on an ongoing basis having regard to performance against goals set at the start of the year, the relevant comparative information and independent expert advice. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the consolidated entity's operations.

Director	Salary	Directors Fees	Superannuation	Other	Options
	\$	\$	\$	\$	\$
C L Readhead	-	17,664	1,413	-	-
I J Buchhorn	130,000	-	20,000	-	5,000
R J Arancini	-	-	-	-	-
R M Evans	-	-	29,617	10,000	-
R G Colville	-	8,333	667	-	-
P J Lee	3,333	267	-	-	-
Senior Executive	\$	\$	\$	\$	\$
D J Crook	89,998	-	29,346	32,407	-

Mr Crook is the only employee of the consolidated entity qualifying as a Senior Executive.

1,000,000 Options in the parent entity were issued to an entity associated with I J Buchhorn during the year:

Number Issued	Expiry Date	Exercise Price
500,000	30 June 2005	\$0.35
500,000	30 June 2005	\$0.50

The value of the Options issued to Mr Buchhorn is estimated to be \$5,000.

AUDIT COMMITTEE

Due to the size and nature of operations, it has not been considered necessary to form an Audit Committee of the Board of Directors. The Directors discuss the Company's activities with the auditors throughout the year.

INSURANCE OF OFFICERS

During the financial year the Company has paid an insurance premium in respect of a Directors' and Officers Liability Insurance Contract. The insurance premium relates to liabilities that may arise from an officer's position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain personal advantage.

The officers covered by the insurance policies are the Directors and the Company Secretary.

The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of premium.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Heron support and have adhered to the principles of corporate governance. The consolidated entity's corporate governance statement is contained in Section 3.0, the Corporate Profile section of the Annual Report.

ENVIRONMENTAL REGULATION

The consolidated entity is subject to and compliant with all aspects of environmental regulation in respect of its exploration and development activities. The Directors are not aware of any environmental regulation which is not being complied with.

ABORIGINAL CULTURE AND HERITAGE

The consolidated entity is subject to and compliant with all aspects of Aboriginal Heritage regulation in respect of its exploration and development activities. The Directors are not aware of any regulation which is not being complied with. The Directors are committed to cultural respect and Indigenous Reconciliation.

Signed in accordance with a resolution of Directors

C L READHEAD
Chairman

Perth, 27 September 2002



5.0 Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2002

	Notes	Consolidated Entity		Parent Entity	
		2002	2001	2002	2001
		\$	\$	\$	\$
REVENUES FROM ORDINARY ACTIVITIES	2	909,332	179,149	907,692	179,149
Expenses from ordinary activities	3	(762,310)	(581,213)	(457,289)	(548,264)
Cost of mining tenements sold		(803,708)	-	(803,708)	-
Mineral exploration expenditure written off		(834,996)	(156,436)	(834,996)	(154,643)
Demerger of controlled entity	14(b)	295,301	-	-	-
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		(1,196,381)	(558,500)	(1,188,301)	(523,758)
INCOME TAX RELATING TO ORDINARY ACTIVITIES	4	-	-	-	-
LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX		(1,196,381)	(558,500)	(1,188,301)	(523,758)
NET LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		(1,196,381)	(558,500)	(1,188,301)	(523,758)
Basic earnings per Share	25	\$(0.0116)	\$(0.0059)		
Diluted earnings per Share	25	\$(0.0116)	\$(0.0059)		

The accompanying notes form part of these financial statements

Continued Financial Statements



STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 JUNE 2002

	Notes	Consolidated Entity		Parent Entity	
		2002 \$	2001 \$	2002 \$	2001 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		101,131	179,149	99,491	179,149
Goods & Services Tax refunded/paid		94,002	(112,893)	108,001	(110,224)
Payments to suppliers		(728,332)	(442,570)	(423,290)	(409,621)
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	14(a)	(533,199)	(376,314)	(215,798)	(340,696)
CASH FLOWS FROM INVESTING ACTIVITIES					
Exploration expenditure		(2,021,303)	(3,013,211)	(1,635,106)	(2,975,855)
Investment in controlled entity		-	-	(10)	-
Proceeds from sale of plant & equipment		15,000	-	15,000	-
Acquisition of plant & equipment		(57,856)	(53,407)	(21,246)	(53,407)
Cash outflow on demerger of controlled entity	14(b)	(146,404)	-	-	-
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		(2,210,561)	(3,066,618)	(1,641,362)	(3,029,262)
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans to controlled entities		-	-	(233,074)	(72,974)
Loan to and payments on behalf of Avoca Resources		(148,836)	-	(859,980)	-
Loan repaid by Avoca Resources		860,260	-	860,260	-
Proceeds from issue of Shares		1,090,000	2,799,970	1,090,000	2,799,960
Share issue costs		(62,112)	(151,367)	(62,112)	(151,367)
NET CASH INFLOWS FROM FINANCING ACTIVITIES		1,739,312	2,648,603	795,094	2,575,619
NET INCREASE / (DECREASE) IN CASH HELD		(1,004,448)	(794,329)	(1,062,066)	(794,339)
Cash at the beginning of the financial year		3,130,967	3,925,296	3,130,947	3,925,286
CASH AT THE END OF THE FINANCIAL YEAR	14(d)	2,126,519	3,130,967	2,068,881	3,130,947
Non-cash financing and investing activities	14(c)				

The accompanying notes form part of these financial statements

Continued Financial Statements



I) Receivables and Revenue Recognition

Sale of Mining Tenements

The gross proceeds of the sale of mining tenements are included as revenue. The profit or loss on disposal is brought to account at the date an unconditional contract is executed.

Interest

Interest is recognised on control of the right to receive the interest payment.

m) Earnings per Share

i) Basic Earnings per Share

Basic earnings per Share is determined by dividing the profit from ordinary activities after related income tax expense by the weighted average number of ordinary Shares outstanding during the financial year.

ii) Diluted Earnings per Share

Diluted earnings per Share is determined by dividing the profit from ordinary activities after related income tax expense adjusted for the effect of earnings on potential ordinary Shares, by the weighted average number of ordinary Shares (both issued and potentially dilutive) outstanding during the financial year.

	Consolidated Entity		Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$

NOTE 2. REVENUE FROM ORDINARY ACTIVITIES

Revenues from operating activities

Proceeds from sale of mining tenements	803,706	-	803,706	-
----------------------------------------	---------	---	---------	---

Revenues from non-operating activities

Interest received – other persons/corporations	105,626	179,149	103,986	179,149
------------------------------------------------	---------	---------	---------	---------

Total revenues from ordinary activities	909,332	179,149	907,692	179,149
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NOTE 3. EXPENSES

Depreciation and amortisation expense	(52,455)	(44,529)	(52,455)	(44,529)
---------------------------------------	----------	----------	----------	----------

Employee benefits expense	(184,375)	(77,867)	(84,473)	(67,117)
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Rental expense	(70,076)	(60,488)	(62,597)	(60,488)
----------------	----------	----------	----------	----------

Other expenses from ordinary activities	(455,404)	(398,329)	(257,764)	(376,130)
-----------------------------------------	-----------	-----------	-----------	-----------

	(762,310)	(581,213)	(457,289)	(548,264)
--	-----------	-----------	-----------	-----------

Cost of mining tenements sold	(803,708)	-	(803,708)	-
-------------------------------	-----------	---	-----------	---

Mineral exploration expenditure written off	(834,996)	(156,436)	(834,996)	(154,643)
---------------------------------------------	-----------	-----------	-----------	-----------

Demerger of controlled entity (Refer Note 14 (b))	295,301	-	-	-
---------------------------------------------------	---------	---	---	---

	(2,105,713)	(737,649)	(2,095,993)	(702,907)
--	-------------	-----------	-------------	-----------

NOTE 4. INCOME TAX

Prima facie income tax benefit on operating loss reconciles to the income tax expense as follows:

Loss from ordinary activities	(1,196,381)	(558,500)	(1,188,301)	(523,758)
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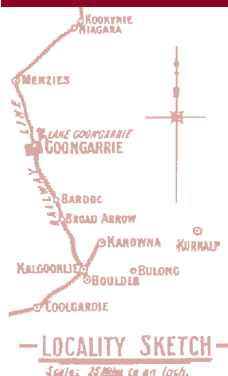
Prima facie tax at 30% (2001 : 34%)	(358,914)	(189,890)	(356,490)	(178,078)
-------------------------------------	-----------	-----------	-----------	-----------

Non deductible items	4,329	12,281	3,877	5,121
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Timing differences and tax losses not brought to account	354,585	177,609	352,613	172,957
----------------------------------------------------------	---------	---------	---------	---------

Income tax expense	-	-	-	-
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The Directors estimate the potential tax losses available to the consolidated entity to be \$13,622,449 (2001 : \$11,662,896). The future income tax benefit arising from tax losses has not been recognised as an asset because recovery is not virtually certain.



NOTE 4. INCOME TAX continued

The tax benefits will only be obtained if:

- The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- The consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for losses.

Consolidated Entity		Parent Entity	
2002	2001	2002	2001
\$	\$	\$	\$

NOTE 5. RECEIVABLES (CURRENT)

Accrued Interest	4,495	-	4,495	-
Goods & Services Tax Paid	17,088	119,554	17,007	116,885
Loan – Avoca Resources (Note 17)	69,848	-	69,848	-
	<u>91,431</u>	<u>119,554</u>	<u>91,350</u>	<u>116,885</u>

NOTE 6. RECEIVABLES (NON CURRENT)

Loan to controlled entities (Note 17)	-	-	599,266	436,320
	<u>-</u>	<u>-</u>	<u>599,266</u>	<u>436,320</u>

NOTE 7. INVESTMENTS IN CONTROLLED ENTITIES

Shares in controlled entities – at cost (Note 23)	-	-	20	20
	<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>

NOTE 8. PROPERTY PLANT AND EQUIPMENT

Plant and equipment at cost	89,411	85,448	89,411	85,448
Accumulated depreciation	(73,116)	(60,540)	(73,116)	(60,540)
	<u>16,295</u>	<u>24,908</u>	<u>16,295</u>	<u>24,908</u>
Office equipment & furniture at cost	50,012	32,730	50,012	32,730
Accumulated depreciation	(32,108)	(21,194)	(32,108)	(21,194)
	<u>17,904</u>	<u>11,536</u>	<u>17,904</u>	<u>11,536</u>
Motor vehicles at cost	158,433	198,254	158,433	198,254
Accumulated depreciation	(108,033)	(108,187)	(108,033)	(108,187)
	<u>50,400</u>	<u>90,067</u>	<u>50,400</u>	<u>90,067</u>
Total property, plant and equipment	<u>84,599</u>	<u>126,511</u>	<u>84,599</u>	<u>126,511</u>

Continued Financial Statements



NOTE 8. PROPERTY PLANT AND EQUIPMENT continued



—LOCALITY SKETCH—
Scale: 25 Miles to an Inch.

	Consolidated Entity		Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$
Reconciliation				
Plant and equipment:				
Carrying amount at 1 July 2001	24,908	24,908	24,908	24,908
Additions	3,963	3,963	3,963	3,963
Disposals	-	-	-	-
Depreciation Expense	(12,576)	(12,576)	(12,576)	(12,576)
Carrying value at 30 June 2002	16,295	16,295	16,295	16,295
Office equipment and furniture:				
Carrying amount at 1 July 2001	11,536	11,536	11,536	11,536
Additions	17,282	17,282	17,282	17,282
Disposals	-	-	-	-
Depreciation Expense	(10,914)	(10,914)	(10,914)	(10,914)
Carrying value at 30 June 2002	17,904	17,904	17,904	17,904
Motor vehicles:				
Carrying amount at 1 July 2001	90,067	90,067	90,067	90,067
Additions	-	-	-	-
Disposals	(10,702)	(10,702)	(10,702)	(10,702)
Depreciation Expense	(28,965)	(28,965)	(28,965)	(28,965)
Carrying value at 30 June 2002	50,400	50,400	50,400	50,400

	Consolidated Entity		Parent Entity	
	2002	2001	2002	2001
	\$	\$	\$	\$

NOTE 9. EXPLORATION AND EVALUATION COSTS CARRIED FORWARD

Balance at beginning of year	13,126,872	10,263,600	12,727,963	9,900,254
Acquisition costs	47,668	138,027	29,275	138,027
Exploration and evaluation costs incurred during the year	1,548,730	2,881,681	1,434,338	2,844,325
Exploration and evaluation costs of mining tenements disposed of	(803,708)	-	(803,708)	-
Exploration and evaluation costs written off	(834,996)	(156,436)	(834,996)	(154,643)
Balance at end of year	13,084,566	13,126,872	12,552,872	12,727,963

The ultimate recoupment of costs carried forward is dependant upon the successful development and/or commercial exploitation or alternatively, sale of respective areas of interest.

NOTE 10. ACCOUNTS PAYABLE (CURRENT)

Trade creditors and accruals	119,987	256,885	119,987	256,885
	119,987	256,885	119,987	256,885

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

NOTE 11. PROVISIONS (CURRENT)

Employee entitlements	53,188	93,829	53,188	93,829
	53,188	93,829	53,188	93,829

Consolidated Entity		Parent Entity	
2002	2001	2002	2001
\$	\$	\$	\$

NOTE 12. CONTRIBUTED EQUITY

Shares

Issued and paid up capital

105,158,727 (2001: 100,958,727)

Ordinary Shares fully paid

24,762,596	24,476,302	24,762,596	24,476,302
------------	------------	------------	------------

Less: Capital Raising Expenses

(520,320)	(458,208)	(520,320)	(458,208)
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<u>24,242,276</u>	<u>24,018,094</u>	<u>24,242,276</u>	<u>24,018,094</u>
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Movements in issued and paid up capital of the parent entity during the year are as follows:

	2002	
	Number	\$
Balance at beginning of year	100,958,727	24,476,302
Issued during the year	4,200,000	1,090,000
Capital reduction for in-specie distribution of Avoca Resources Limited shares	-	(803,706)
Balance at end of year	<u>105,158,727</u>	<u>24,762,596</u>

A private placement of 4,000,000 Shares at \$0.26 per Share was made to Resource Capital Fund II L.P., raising \$1,040,000 to fund exploration activities and for additional working capital. Resource Capital Fund II L.P. were also issued (for no consideration) 2,000,000 Options exercisable by 20 December 2004 at \$0.35 per Share.

During January 2002 200,000 Shares were issued to Kurana Pty Ltd, a company controlled by I J Buchhorn on the exercise of 200,000 Options with an expiry date 19 December 2002 at an exercise price of \$0.25 per Share.

Ordinary Shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on Shares held.

Ordinary Shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

On completion of the spin-off of various gold assets to Avoca Resources Limited ("Avoca") for which it received fully paid shares in Avoca, the parent entity reduced its issued share capital by making a pro rata in-specie distribution of 21,031,735 fully paid shares in Avoca to all holders of ordinary Shares in the parent entity on the basis of one Avoca share for every five Heron Shares held at 5 February 2002.

Heron, as part of the spin-off, received 6,000,000 options in Avoca exercisable on or before 30 June 2006 at \$0.25 per share.

Options

The following Options were issued during the year:

Number Issued	Expiry Date	Exercise Price
2,000,000	20 December 2004	\$0.35
500,000	30 June 2005	\$0.35
500,000	30 June 2005	\$0.50

The following Options were exercised during the year:

Number Issued	Expiry Date	Exercise Price
200,000	19 December 2002	\$0.25

The following Options expired during the year:

Number Issued	Expiry Date	Exercise Price
100,000	28 August 2001	\$0.25
150,000	1 September 2001	\$0.25
350,000	15 December 2001	\$0.25
50,000	5 March 2002	\$0.25

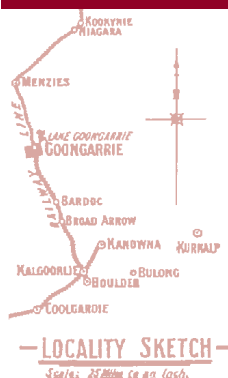
Continued Financial Statements



NOTE 12. CONTRIBUTED EQUITY continued

As at 30 June 2002 the Company had the following Options on issue:

Number Issued	Expiry Date	Exercise Price
200,000	19 December 2002	\$0.35
200,000	19 December 2002	\$0.45
200,000	19 December 2002	\$0.55
200,000	19 December 2002	\$0.65
100,000	4 February 2004	\$0.25
785,000	19 October 2004	\$0.35
785,000	19 October 2004	\$0.50
2,000,000	20 December 2004	\$0.35
500,000	30 June 2005	\$0.35
500,000	30 June 2005	\$0.50



Consolidated Entity		Parent Entity	
2002	2001	2002	2001
\$	\$	\$	\$

NOTE 13. ACCUMULATED LOSSES

Balance at the beginning of the year	7,864,904	7,306,404	7,830,162	7,306,404
Less: Accumulated losses on demerger of controlled entity (Refer Note 14(b))	(32,949)	-	-	-
Net loss	1,196,381	558,500	1,188,301	523,758
Balance at end of the year	9,028,336	7,864,904	9,018,463	7,830,162

NOTE 14. STATEMENT OF CASH FLOWS

a) Reconciliation of operating loss after income tax to the net cash flows from operations:

Operating loss after income tax	(1,196,381)	(558,500)	(1,188,301)	(523,758)
Add/(less)				
Exploration and evaluation costs written off	834,996	156,436	834,996	154,643
Depreciation	52,455	44,529	52,455	44,529
Profit on sale of plant & equipment	(4,298)	-	(4,298)	-
Loss on sale of mining tenements	2	-	2	-
Loss on investment in Avoca Resources Limited	-	-	10	-
(Increase)/decrease in accrued interest	(4,495)	-	(4,495)	-
Increase/(decrease) in creditors, accruals and receivables	79,823	(18,779)	93,833	(16,110)
Demerger of controlled entity	(295,301)	-	-	-
	(533,199)	(376,314)	(215,798)	(340,696)

b) Demerger of controlled entity

During the financial year Heron Resources Limited made an in-specie return of capital to Shareholders of Heron of shares held in Avoca Resources Limited.

Book Value of entity disposed of:

Cash	146,404
Receivables	16,587
Plant and equipment	36,610
Exploration and evaluation costs carried forward	253,411
Loan from Heron Resources Limited	(781,272)
	(328,260)
Loss of Avoca for the period to demerger	295,301
Accumulated Loss brought forward	32,949
Loss on investment in Avoca	10

NOTE 14. STATEMENT OF CASH FLOWS continued

c) On completion of the spin-off of various gold assets to Avoca Resources Limited ("Avoca") for which it received fully paid shares in Avoca, the parent entity reduced its issued Share capital by making a pro rata in-specie distribution of 21,031,735 fully paid shares in Avoca to holders of ordinary Shares in the parent entity on the basis of one Avoca share for every five Heron Shares held on 5 February 2002.

Heron, as part of the spin-off, received 6,000,000 options in the Avoca exercisable on or before 30 June 2006 at \$0.25 per share.

d) Reconciliation of Cash

Cash on hand and at bank	2,126,519	3,130,967	2,068,881	3,130,947
Commercial Bills	-	-	-	-
Closing cash balance	2,126,519	3,130,967	2,068,881	3,130,947

Environmental Bonds of \$36,197 (2001 : \$25,960) are included in Cash on hand and at bank. This amount is held as security term deposits and is not available to the Company for ordinary activities.

NOTE 15. REMUNERATION OF DIRECTORS

Income paid or payable, or otherwise made available to Directors by the consolidated entity and related parties in connection with the management of affairs of the Company:

2002	2001	2002	2001
226,294	236,400	226,294	236,400

The numbers of the consolidated entity's Directors whose income (including superannuation contributions) was within the specified bands are as follows:

	2002 Number	2001 Number
\$0 - \$9,999	3	2
\$10,000 - \$19,999	1	1
\$20,000 - \$29,999	-	1
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	-	1
\$110,000 - \$119,999	-	-
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	1	-

NOTE 16. REMUNERATION OF EXECUTIVES

Income paid or payable, or otherwise made available to Executives by the economic entity and related parties in connection with the management of affairs of the Company:

	2002 \$	2001 \$
151,751	158,100	

The numbers of the Company's Executives whose income (including superannuation contributions) was within the specified bands are as follows:

	2002 Number	2001 Number
\$150,000 - \$159,999	1	1

The consolidated entity employs a single Senior Executive, being the Exploration Manager.

The terms Director and Executive Officer have been treated as mutually exclusive for the purposes of this disclosure.

In the opinion of the Directors, remuneration paid to Directors and Executives is considered fair and reasonable.

NOTE 17. RELATED PARTY DISCLOSURES

a) The Directors of the parent entity during the financial year were:

Craig Leslie Readhead (appointed 23 November 2001)
 Ian James Buchhorn
 Ross James Arancini (appointed 7 March 2002)
 Rodney Michael Evans (resigned 7 March 2002)
 Robert George Colville (resigned 23 November 2001)
 Peter James Lee (resigned 31 August 2001)

b) Related party transactions during the financial year were:

- payment of \$60,000 (2001 : \$60,000) to an entity related to Mr I J Buchhorn for the provision of office accommodation on normal commercial terms and conditions;
- payment of \$7,558 (2001 : \$2,228) to parties related to Mr I J Buchhorn for the provision of secretarial services and temporary staff on normal commercial terms and conditions;
- payment of \$42,754 (2001 : \$36,000) to Mr R J Arancini for the provision of company secretarial, taxation and corporate services on normal commercial terms and conditions;
- payment of \$20,625 (2001 : nil) to Mrs P J Buchhorn for the supply of data and general mining administration services on normal commercial terms and conditions;
- payment of \$78,749 (2001 : \$27,275) to Pullinger Readhead Stewart of which Mr C L Readhead is a partner for legal services on normal commercial terms and conditions;
- information on remuneration of Directors and Executives of the consolidated entity is disclosed in Notes 15 and 16;
- Interest-free loan of \$415,514 (2001 : \$366,192) was made by the parent entity to the controlled entity Balladonia Energy NL;
- Interest-free loan of \$183,752 (2001 : nil) was made by the parent entity to the controlled entity Regent Resources Ltd;
- Loan of \$859,980 (2001 : \$70,128) was made by the parent entity to Avoca Resources Limited. During the year \$860,260 was repaid by Avoca Resources Limited. Interest was charged at a rate of 8.75% on the amounts advanced subsequent to Avoca no longer being a controlled entity. Amounts previously advanced while Avoca was a controlled entity were interest free. Amounts outstanding at year end are \$69,848 (2001: \$70,128)

c) Transactions of Directors and Director related entities concerning Shares or Options were:

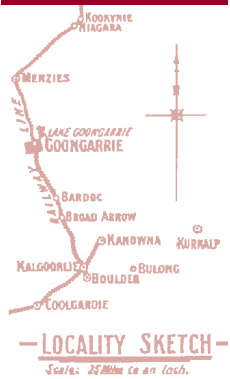
- Aggregate number of Shares and Options of the parent entity held directly, indirectly or beneficially by Directors or Director-related entities at balance date:

	2002	2001
Ordinary Shares held	32,911,155	31,299,829
Options over Ordinary Shares held	1,900,000	1,350,000

- During the year, Directors and Director related entities Share transactions resulted in an increase in their Shareholding of 1,411,326 Shares which were acquired on the same basis as similar transactions with other Shareholders;
- During the year, Directors and Director related entities Share transactions resulted in an increase in their Shareholding of 200,000 Shares which were acquired on the exercise of Options expiring on 19 December 2002 at an exercise price of \$0.25 per Share.

d) No other benefits have been received or are receivable by Directors or Director related entities, other than those already disclosed in the notes to the accounts.

e) Heron Resources Limited is the ultimate parent entity. Heron Resources Limited is a listed public company incorporated and domiciled in Australia. Ownership interest in the controlled entities is as set out in Note 23.



NOTE 18. FINANCIAL INSTRUMENTS

a) Terms, conditions and accounting policies

The consolidated entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
<i>i) Financial assets</i>			
11am Call Accounts		11am Call Accounts are carried at cost.	The 11am Call Accounts are at call with an interest rate of 4.50% (2001 : 4.75%).
Environmental Bonds		Environmental Bonds are carried at cost.	Environmental Bonds are security term deposits with a 6 month term with an interest rate of 4.0% (2001 : 4.9%).
<i>ii) Financial liabilities</i>			
Trade creditors and accruals	10	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Trade liabilities are normally settled on 30 day terms.
<i>iii) Equity</i>			
Ordinary Shares	12	Ordinary Share capital is recognised at the fair value of the consideration received by the Company.	Details of the Shares issued and the terms and conditions of the Options outstanding over ordinary Shares at balance date are set out in Note 12.

b) Interest rate risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in 1 year or less		Total carrying amount as per balance sheet		Weighted average effective interest rate	
	2002	2001	2002	2001	2002	2001	2002	2001
	\$	\$	\$	\$	\$	\$	%	%
<i>i) Financial assets</i>								
Cash at bank	865,817	35,502	-	-	865,817	35,502	3.50	4.00
Commercial Bills	-	-	-	-	-	-	-	-
11am Call Accounts	1,224,505	3,069,505	-	-	1,224,505	3,069,505	4.50	4.75
Environmental Bonds	36,197	25,960	-	-	36,197	25,960	4.00	4.90
Total financial assets	2,126,519	3,130,967	-	-	2,126,519	3,130,967	n/a	n/a
<i>ii) Financial liabilities</i>								
Trade creditors and accruals	119,987	256,885	-	-	119,987	256,885	n/a	n/a
Total financial liabilities	119,987	256,885	-	-	119,987	256,885	n/a	n/a

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NOTE 18. FINANCIAL INSTRUMENTS continued

c) Net fair values	Total carrying amount as per balance sheet		Aggregate net fair value	
	2002 \$	2001 \$	2002 \$	2001 \$
<i>Financial assets</i>				
Cash at bank	865,817	35,502	865,817	35,502
Commercial Bills	-	-	-	-
11am Call accounts	1,224,505	3,069,505	1,224,505	3,069,505
Environmental Bonds	36,197	25,960	36,197	25,960
Total financial assets	2,126,519	3,130,967	2,126,519	3,130,967
<i>Financial liabilities</i>				
Trade creditors and accruals	119,987	256,885	119,987	256,885
Total financial liabilities	119,987	256,885	119,987	256,885

d) The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

Recognised financial instruments:

Cash, cash equivalents and short-term investments: The carrying amount approximates fair value because of their short-term maturity.

Receivables and trade creditors: The carrying amount approximates fair value.

NOTE 19. AUDITORS' REMUNERATION

	Consolidated Entity		Parent Entity	
	2002 \$	2001 \$	2002 \$	2001 \$
Amounts received or due and receivable by the Auditors for:				
- audit services	22,650	10,175	22,650	10,175
- other services	16,759	4,638	16,759	4,638

NOTE 20. COMMITMENTS FOR EXPENDITURE

Exploration Commitments

In order to maintain current rights of tenure to exploration and mining tenements, the consolidated entity has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

Not later than 1 year	1,400,000	2,000,000	1,000,000	1,500,000
Later than 1 year but not later than 5 years	5,600,000	8,000,000	4,000,000	6,000,000
Later than 5 years	-	-	-	-

If the consolidated entity decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations. Those amounts detailed above do not include expenditure commitments which are the responsibility of joint venture partners (Note 22).



—LOCALITY SKETCH—
Scale: 25:000m to one inch.

NOTE 21. SEGMENT INFORMATION

The consolidated entity operates in the mineral exploration industry in Australia.

NOTE 22. JOINT VENTURE AGREEMENTS

The consolidated entity has entered into the following joint venture agreements:

Project	Operator	Right to Earn	Farm-in Expenditure
Bungalbin and Mount Jackson	Portman Limited	100%*	\$250,000
Perrinvale	Mt Burgess Mining NL	70%	\$500,000
Larkinville	Ramelius Resourced Limited	75%	\$750,000
Gidji	Central Exchange Limited	80%	\$250,000
Bungalbin and Aurora	Central Exchange Limited	50%	\$200,000
TOTAL			\$1,950,000

* The Company has a royalty based on tonnes of Iron Ore sold by Portman Limited.

NOTE 23. INVESTMENTS IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding		Cost of Parent Entity's Investment	
			2002	2001	2002	2001
					\$	\$
Balladonia Energy NL	Australia	Ordinary	100%	100%	10	10
Regent Resources Limited	Australia	Ordinary	100%	-	10	-
Avoca Resources Limited	Australia	Ordinary	-	100%	-	10

Balladonia Energy NL ("Balladonia") was registered to evaluate the potential for documented oil shale and mineral sand occurrences in the Balladonia area to contribute to the generation of the energy, sulphur and lime requirements of Heron's Nickel Laterite projects. The corporate objective has been to introduce a technical partner with demonstrated oil shale expertise, to further advance the oil shale projects. The mineral sand projects are under farm out discussions.

Regent Resources Limited was registered on 10 April 2002 to evaluate base metal opportunities which may arise in the course of the Company's nickel exploration activities.

On 29 January 2002 Shareholders of Heron Resources Limited ("Heron") approved the de-merger of **Avoca Resources Limited** ("Avoca"). Avoca subsequently issued 21,031,735 shares to Heron as consideration for the acquisition of various gold interests at a cost amounting to \$803,706. These shares were issued to Heron Shareholders on 11 February 2002. Heron retained 38 Avoca shares and 6,000,000 Avoca options exercisable on or before 30 June 2006 at \$0.25 per share. The options are unlisted and under escrow. No value has been ascribed by Heron to these options.

NOTE 24. CONTINGENT LIABILITIES

Native title claims have been made with respect to areas which include tenements in which the consolidated entity has interests. The consolidated entity is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the consolidated entity or its projects. Agreement is being reached with native title claimants regarding certain areas in which the consolidated entity has interests.

NOTE 25. EARNINGS PER SHARE

	2002	2001
	\$	\$
Basic earnings per Share	(0.0116)	(0.0059)
Weighted average number of ordinary Shares outstanding during the year used in the calculation of basic earnings per Share.	103,130,782	94,070,707
Diluted earnings per Share	(0.0116)	(0.0059)
Weighted average number of ordinary Shares outstanding during the year used in the calculation of diluted earnings per Share.	103,130,782	94,070,707
Earnings/(loss) used in calculating basic and diluted earnings/(loss) per Share	1,196,381	558,500

Heron has on issue 5,470,000 Options which are not dilutive as their conversion to ordinary Shares would decrease the net loss from continuing ordinary operations per Share.

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NOTE 26. EMPLOYEE ENTITLEMENTS

Consolidated Entity		Parent Entity	
2002	2001	2002	2001
\$	\$	\$	\$

a) Employee Entitlements

The aggregate employee entitlement is comprised of:

Provisions (Current)	53,188	93,829	53,188	93,829
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b) Employee Share Scheme

An employee Share Option plan has been established for Heron Resources Limited, where employees, directors and officers of the consolidated entity are issued with Options over ordinary Shares of Heron Resources Limited. The Options, issued for no consideration, are in general exercisable at a fixed price at any time during the period commencing 12 months after the commencement date and ending on the expiry date.

There are currently seven employees, directors and officers eligible for this scheme.

The Options cannot be transferred and will not be quoted on the ASX.

During the year 1,000,000 Options were issued, 150,000 Options expired and no Options were exercised under the scheme.

As at 30 June 2002, Options on issue under this scheme were:

Number Issued	Expiry Date	Exercise Price
100,000	4 February 2004	\$0.25
785,000	19 October 2004	\$0.35
785,000	19 October 2004	\$0.50
500,000	30 June 2005	\$0.35
500,000	30 June 2005	\$0.50
3,270,000		

c) The consolidated entity employed 6 employees as at 30 June 2002 (2001 : 7 employees).

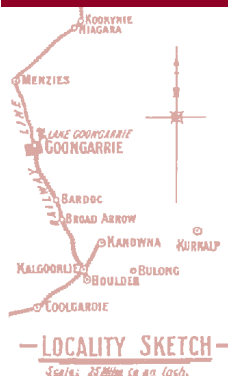
NOTE 27. SUBSEQUENT EVENTS

Other than noted below, there is no matter or circumstance which has arisen since 30 June 2002 that has significantly affected or may significantly affect:

- The operations, in the financial years subsequent to 30 June 2002, of the consolidated entity;
- The results of those operations; or
- The state of affairs, in the financial years subsequent to 30 June 2002, of the consolidated entity.

Heron entered into a Letter Agreement with Minerals Processing and Marketing Pty Ltd ("MPM") and Atomaer Holdings Pty Ltd ("Atomaer") in which Heron granted to MPM and Atomaer exclusive rights until 31 December 2002 to negotiate and finalise, on behalf of Heron, a Financing Agreement between a Funding Party, Heron, MPM and Atomaer to finance feasibility studies and project development for the North Kalgoorlie Nickel Project in Western Australia, being dominantly Heron's Goongarie and Kalpini nickel laterite projects.

At the date of this report due diligence studies are continuing.



5.0 Directors' Declaration

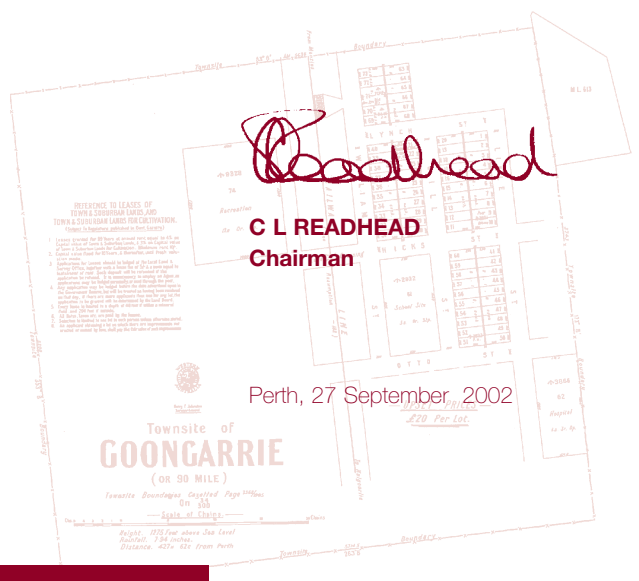
In accordance with a resolution of the Directors of Heron Resources Limited it is declared that:

- a) The financial statements and notes comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) Give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2002 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the Directors' opinion:

- a) The financial statements and notes are in accordance with the Corporations Act 2001; and
- b) At the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable.

On behalf of the Board



6.0 Independent Audit Report



To the members of Heron Resources Limited

Scope

We have audited the financial report of Heron Resources Limited ("the Company") for the financial year ended 30 June 2002 as set out in pages 24 to 40. The Directors are responsible for the financial report of the Company and the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of, or during, the financial year. We have conducted an independent audit of the financial report in order to express an opinion on it to members of the Company.

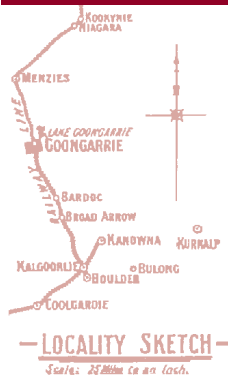
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Act 2001 in Australia so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of the Company is in accordance with:

- a) the Corporations Act 2001, including:
 - i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements.



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BUTLER SETTINERI
Chartered Accountants

Handwritten signature of Colin Butler in black ink.

COLIN BUTLER
Partner

Perth, 28 September 2002

7.0 Shareholder Information

AT 09 SEPTEMBER 2002

1. Issued Shares and Options

a) Distribution of Shareholders:

Size of Holding	Number of Holders	Shares Held
1 - 1,000	35	22,990
1,001 - 5,000	438	1,441,148
5,001 - 10,000	405	3,506,570
10,001 - 100,000	634	20,925,589
100,001 -	82	79,262,430
	1594	105,158,727

b) The twenty largest Shareholders hold 61.16% of the issued fully paid capital of the Company.

c) Substantial Shareholder who has notified the Company:

Holder	Number of Shares	%
Kurana Pty Ltd	26,925,000	25.60
OMG Cawse Pty Ltd	15,890,310	15.11

d) Distribution of Optionholders:

The following Options were on issue:

i)	200,000	exercisable on or before 19 December 2002	payment of \$0.35 per Option exercised;
ii)	200,000	exercisable on or before 19 December 2002	payment of \$0.45 per Option exercised;
iii)	200,000	exercisable on or before 19 December 2002	payment of \$0.55 per Option exercised;
iv)	200,000	exercisable on or before 19 December 2002	payment of \$0.65 per Option exercised;
v)	100,000	exercisable on or before 04 February 2004	payment of \$0.25 per Option exercised;
vi)	785,000	exercisable on or before 19 October 2004	payment of \$0.35 per Option exercised;
vii)	785,000	exercisable on or before 19 October 2004	payment of \$0.50 per Option exercised;
viii)	2,000,000	exercisable on or before 20 December 2005	payment of \$0.35 per Option exercised;
ix)	500,000	exercisable on or before 30 June 2005	payment of \$0.35 per Option exercised;
x)	500,000	exercisable on or before 30 June 2005	payment of \$0.50 per Option exercised;

Size of Holding	Number of Holders	Options Held
1 - 1,000	0	0
1,001 - 5,000	0	0
5,001 - 10,000	0	0
10,001 - 100,000	1	75,000
100,001 -	8	5,895,000
	9	5,970,000

e) There were 292 Shareholders who held less than a marketable parcel.

f) Nil securities have been classified by ASX as restricted.

VOTING RIGHTS

In accordance with the Company's Constitution, voting rights are on the basis of a show of hands, one vote for every registered holder and on a poll, one vote for each Share held by registered holders.

Twenty Largest Shareholders as at 09 September 2002

	Number of Shares	%
1. Kurana Pty Ltd	26,925,000	25.60
2. OMG Cawse Pty Ltd	15,890,310	15.11
3. Resource Capital Fund II LP	4,000,000	3.80
4. Koltai Holdings Pty Ltd	2,675,679	2.54
5. Buchhorn Ian James	2,447,857	2.33
6. Manorina Mining Pty Ltd	1,818,300	1.73
7. Buchhorn Pamela Jean	1,519,998	1.45
8. National Nominees Limited	1,217,605	1.16
9. Custodial Commonwealth Pty Ltd	1,000,000	0.95
10. Kett Peter John	862,800	0.82
11. Chaos Investments Pty Ltd	800,000	0.76
12. Bronwen Pty Ltd	800,000	0.76
13. Kett Margaret Robson	699,618	0.67
14. Ufar Pty Ltd	590,000	0.56
15. Jayleaf Holdings Pty Ltd	550,000	0.52
16. Hawke Robert Lawrence	506,666	0.48
17. Goldenstate Holdings Pty Ltd	500,000	0.48
18. Baracus Pty Ltd	500,000	0.48
19. Otway John Percival	500,000	0.48
20. Anderson Geoffrey John	500,000	0.48
TOTAL	64,303,833	61.16

Continued Shareholder Information



Optionholders as at 09 September 2002

Optionholders (Options exercisable on or before 19 December 2002) were:

	Number of Options	% of Issued Options
Kurana Pty Ltd	800,000	100.00
TOTAL	800,000	100.00

Optionholders (Options exercisable on or before 4 February 2004) were:

	Number of Options	% of Issued Options
Gobbett Simon	25,000	25.00
Geary Susan	25,000	25.00
Rudd Alan	50,000	50.00
TOTAL	100,000	100.00

Optionholders (Options exercisable on or before 19 October 2004) were:

	Number of Options	% of Issued Options
Geary Peter	150,000	9.55
Gobbett Simon	320,000	20.38
Parkway Superannuation Fund	500,000	31.85
Rudd Alan	500,000	31.85
Arancini Sandra	100,000	6.37
TOTAL	1,570,000	100.00

Optionholders (Options exercisable on or before 20 December 2004) were:

	Number of Options	% of Issued Options
Resource Capital Fund II L.P.	2,000,000	100.00
TOTAL	2,000,000	100.00

Optionholders (Options exercisable on or before 30 June 2005) were:

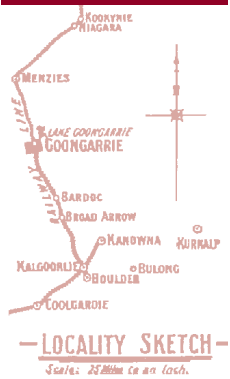
	Number of Options	% of Issued Options
Kurana Pty Ltd	1,000,000	100.00
TOTAL	1,000,000	100.00

Optionholders (Options exercisable on or before 23 April 2006) were:

	Number of Options	% of Issued Options
Geary Sue	50,000	10.00
Rudd Alan	150,000	30.00
Crook Jenny	150,000	30.00
Gobbett Simon	150,000	30.00
TOTAL	500,000	100.00

Summary of Optionholders as at 09 September 2002

	Number of Options	% of Issued Options
1. Resource Capital Fund II L.P.	2,000,000	33.50
2. Kurana Pty Ltd	1,800,000	30.15
3. Rudd Alan	700,000	11.73
4. Parkway Superannuation Fund	500,000	8.38
5. Gobbett Simon	495,000	8.29
6. Geary Peter	150,000	2.51
7. Crook Jennifer	150,000	2.51
8. Arancini Sandra	100,000	1.68
9. Geary Susan	75,000	1.26
	5,970,000	100.00



8.0 Interest in Mining Tenements



Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held
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HERON NICKEL PROVINCES

KALGOORLIE NICKEL PROVINCE

Goongarie West	73km NW of Kalgoorlie
Goongarie West	68km NNW of Kalgoorlie
Goongarie South	75km NNW of Kalgoorlie
Goongarie South	75km NNW of Kalgoorlie
Goongarie	84km NNW of Kalgoorlie
Menzies South	109km NNW of Kalgoorlie
Goongarie	88km NNW of Kalgoorlie
Comet Vale	90km NNW of Kalgoorlie
Twin Hills	150km N of Kalgoorlie
Comet Vale	96km NNW of Kalgoorlie
Ghost Rocks	147km NNW of Kalgoorlie
Ghost Rocks	148km NNW of Kalgoorlie
Ghost Rocks	147km NNW of Kalgoorlie
Ghost Rocks	145km NNW of Kalgoorlie
Scotia Dam	67km NNW of Kalgoorlie
Scotia North	75km NNW of Kalgoorlie
Vettersberg	50km NNW of Kalgoorlie
Vettersberg	55km NNW of Kalgoorlie
Scotia East	68km NNW of Kalgoorlie
Scotia	62km NNE of Kalgoorlie
Goongarie West	87km NNW of Kalgoorlie
Goongarie West	86km NNW of Kalgoorlie
Goongarie South	77km NNW of Kalgoorlie
Canegrass	74km NNW of Kalgoorlie
Siberia	70km NW of Kalgoorlie
Goongarie	82km NNW of Kalgoorlie
Vettersberg	59km NNW of Kalgoorlie
Vettersberg	55km NNW of Kalgoorlie
Vetters North	59km NNW of Kalgoorlie
Camperdown	78km NW of Kalgoorlie
Camperdown	78km NW of Kalgoorlie
Camperdown	78km NW of Kalgoorlie
Goongarie	73km NW of Kalgoorlie
Windanya	46km NNW of Kalgoorlie
Windanya	47km NNW of Kalgoorlie
Windanya	48km NNW of Kalgoorlie
Windanya	49km NNW of Kalgoorlie
Windanya	50km NNW of Kalgoorlie
Windanya	51km NNW of Kalgoorlie
Windanya	53km NNW of Kalgoorlie
Windanya	55km NNW of Kalgoorlie
Grafters South	64km NNW of Kalgoorlie
Grafters South	63km NNW of Kalgoorlie
Grafters South	62km NNW of Kalgoorlie
Grafters South	63km NNW of Kalgoorlie
Grafters South	65km NNW of Kalgoorlie
Windanya	55km NNW of Kalgoorlie
Windanya	55km NNW of Kalgoorlie
Windanya	55km NNW of Kalgoorlie
Windanya	55km NNW of Kalgoorlie
Goongarie West	82km NNW of Kalgoorlie
Goongarie West	82km NNW of Kalgoorlie
Goongarie West	84km NNW of Kalgoorlie
Goongarie	99km NNW of Kalgoorlie
Ghost Rocks	134km NNW of Kalgoorlie

Goongarie Nickel Project

E24/00116	98.00	A	100%
E24/00124	196.00	A	100%
E29/00148	14.00	G	100%
M29/00283	{5.9}	A	100%
M29/00304	{2.97}	A	100%
E29/00433	11.20	G	100%
E29/00437	19.60	A	100%
E29/00462	89.60	A	100%
E29/00490	42.00	A	100%
E29/00508	8.40	A	100%
E29/00517	196.00	A	100%
M29/00289	{8.96}	A	100%
M29/00290	{5.97}	A	100%
M29/00291	{8.96}	A	100%
M24/00541	5.12	G	100%
M24/00744	0.06	G	100%
M24/00749	9.31	A	100%
M24/00750	4.46	A	100%
M24/00798	0.25	G	100%
M24/00843	4.71	A	100%
M29/00167	0.80	G	100%
M29/00202	5.94	G	100%
M29/00272	6.03	G	100%
M29/00278	8.03	G	100%
M29/00312	4.78	A	100%
M29/00320	0.23	A	100%
P24/03695	1.95	A	100%
M24/00691	{1.95}	A	100%
P24/03734	1.84	A	100%
P24/03748	1.62	A	100%
P24/03749	1.87	A	100%
P24/03750	1.82	A	100%
P24/03763	1.79	A	100%
P24/03765	2.00	A	100%
P24/03766	1.99	A	100%
P24/03767	1.99	A	100%
P24/03768	1.98	A	100%
P24/03769	1.94	A	100%
P24/03770	1.80	A	100%
P24/03771	2.00	A	100%
P24/03772	1.99	A	100%
P24/03777	1.26	A	100%
P24/03778	1.22	A	100%
P24/03779	2.00	A	100%
P24/03780	1.87	A	100%
P24/03781	1.13	A	100%
P24/03790	1.16	A	100%
P24/03791	1.35	A	100%
P24/03792	1.68	A	100%
P24/03793	1.81	A	100%
P29/01634	1.84	G	100%
P29/01635	1.39	G	100%
M29/00292	{4.29}	A	100%
P29/01671	0.39	A	100%
P29/01682	0.75	A	100%

Ni(-Au)

48

768.94

KALGOORLIE NICKEL PROVINCE

Frances Lesley	95km NW of Kalgoorlie
Frances Lesley	100km NW of Kalgoorlie
Frances Lesley	88km NW of Kalgoorlie
Frances Lesley	98km NW of Kalgoorlie

Frances Lesley Nickel Project

E16/00174	5.60	G	100% ¹
E16/00192	86.80	G	100% ¹
E16/00239	36.40	A	100% ¹
M16/00385	2.00	A	100% ¹

Ni

4

130.80

¹ MPI Gold Pty Ltd owns all gold rights
Heron owns all nickel rights.

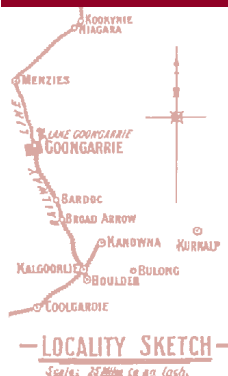
Interest in Mining Tenements

Continued



Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held
KALGOORLIE NICKEL PROVINCE					
Frances Lesley Project					
Saddle Dam	94km NW of Kalgoorlie	P16/02123	1.75	A	100%
Saddle Dam	94km NW of Kalgoorlie	P16/02124	1.86	A	100%
Saddle Dam	94km NW of Kalgoorlie	P16/02125	1.30	A	100%
3			4.91		
KALGOORLIE NICKEL PROVINCE					
Kalpini Nickel Project					
Binti Binti South	74km NE of Kalgoorlie	E27/00168	47.60	G	100%
Binti Binti South	77km NE of Kalgoorlie	M27/00408	{8.9}	A	100%
Binti Binti South	74km NE of Kalgoorlie	M27/00409	{5.94}	A	100%
Binti Binti South	74km NE of Kalgoorlie	M27/00410	{8.9}	A	100%
Lake Emu West	68km NE of Kalgoorlie	E27/00188	16.80	A	100%
Sampson	66km NE of Kalgoorlie	E27/00273	176.40	A	100%
Kalpini	61km NE of Kalgoorlie	E27/00278	114.80	A	100%
Trans East	72km ESE of Kalgoorlie	E28/01079	44.80	A	100%
Mooree Hill	75km NE of Kalgoorlie	E28/01187	28.00	A	100%
Acra	61km NE of Kalgoorlie	E28/01223	109.20	A	100%
Wellington North	63km NE of Kalgoorlie	E28/01224	196.00	A	100%
Yowie Hill	86km ENE of Kalgoorlie	E28/01295	8.40	A	100%
Cowama Downs	94km SE of Kalgoorlie	E28/01296	16.80	A	100%
Erayinia Hill South	128km SE of Kalgoorlie	E28/01297	19.60	A	100%
Karonie	101km ESE of Kalgoorlie	E28/01302	16.80	A	100%
Boomerang Lake	103km NE of Kalgoorlie	E31/00519	156.80	A	100%
Mount Ballona	87km NE of Kalgoorlie	E31/00575	67.20	A	100%
Jungle Hill	140km NE of Kalgoorlie	E31/00579	81.20	A	100%
Boomerang North	122km NE of Kalgoorlie	E31/00581	78.40	A	100%
Kalpini	60km NE of Kalgoorlie	M27/00350	4.28	A	100%
Acra Chrysoprase	62km NE of Kalgoorlie	M28/00127	0.32	G	100%
Acra North	65km NE of Kalgoorlie	M28/00199	9.76	G	100%
Acra North	65km NE of Kalgoorlie	M28/00201	9.63	G	100%
Betsy Bore	66km NE of Kalgoorlie	M28/00205	8.50	G	100%
Binti Binti	81km NE of Kalgoorlie	M31/00297	8.90	A	100%
Binti Binti	80km NE of Kalgoorlie	M31/00305	5.93	A	100%
Wellington North	68km NE of Kalgoorlie	P27/01562	0.47	A	100%
Jubilee	60km NE of Kalgoorlie	P28/00981	1.29	A	100%
Acra North	61km NE of Kalgoorlie	P28/00983	0.36	A	100%
Karonie West	102km ESE of Kalgoorlie	P28/00990	1.20	A	100%
27			1,229.45		
KALGOORLIE NICKEL PROVINCE					
Widgiemooltha Nickel Project					
Pioneer	125km SSE of Kalgoorlie	E15/00573	47.60	G	100%
Pioneer	136km SSE of Kalgoorlie	E63/00753	33.60	A	100%
Widgiemooltha	86km SSE of Kalgoorlie	P15/04475	0.04	A	100%
3			81.24		
KALGOORLIE NICKEL PROVINCE					
Larkinville Nickel Joint Venture Project					
Bullabulling	71km SW of Kalgoorlie	E15/00679	114.80	A	100% ²
Larkinville	73km SSE of Kalgoorlie	E15/00689	100.80	A	100% ²
Wannaway Northeast	88km SSE of Kalgoorlie	E15/00742	19.60	A	100% ²
Jardie Hills	70km WNW of Kalgoorlie	E16/00269	100.80	A	100% ²
Larkinville	75km SSE of Kalgoorlie	P15/04213	1.22	G	100% ²
Larkinville	75km SSE of Kalgoorlie	P15/04214	1.21	G	100% ²
Londonderry	55km SW of Kalgoorlie	P15/04435	1.62	A	100% ²
Londonderry	55km SW of Kalgoorlie	P15/04436	1.90	A	100% ²
Londonderry	57km SW of Kalgoorlie	P15/04437	1.87	A	100% ²
Londonderry	56km SW of Kalgoorlie	P15/04438	1.92	A	100% ²
Londonderry	56km SW of Kalgoorlie	P15/04439	2.00	A	100% ²
Londonderry	56km SW of Kalgoorlie	P15/04440	0.27	A	100% ²
Logans	65km SSE of Kalgoorlie	P15/04464	0.22	G	100% ²
13			348.24		

² Ramelius Resources Limited has the right to earn 75% through spending \$0.75m. Heron owns all nickel rights.



Interest in Mining Tenements

Continued



Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held
SOUTHERN CROSS NICKEL PROVINCE					
Bungalbin-Aurora Iron Ore Joint Venture Project					
Mount Dimer	112km NNE of Southern Cross	E77/00946	170.80	G	100% ³
Timberfield	123km NNE of Southern Cross	E77/00947	89.60	A	100% ³
Yeeding Hill	108km N of Southern Cross	E77/01071	22.40	A	100% ³
Bungalbin Hill	97km NNE of Southern Cross	E77/01076	123.20	G	100% ³
Bungalbin Hill	109km NNE of Southern Cross	E77/01077	28.00	G	100% ³
Mount Jackson	103km NNE of Southern Cross	E77/01097	134.40	A	100% ³
Mount Jackson	106km NNE of Southern Cross	E77/01099	2.80	A	100% ³
Mount Dimer	105km NE of Southern Cross	E77/01115	196.00	A	100% ³
Mount Jackson	107km NNE of Southern Cross	P77/03371	0.21	A	100% ³
Mount Jackson	106km NNE of Southern Cross	P77/03372	0.46	A	100% ³
			767.87		

³ Central Exchange Limited has the right to earn 50% through spending \$0.2m. Heron owns all nickel rights.

SOUTHERN CROSS NICKEL PROVINCE					
Bungalbin Project					
Yeeding Hill South	95km N of Southern Cross	E77/00975	196.00	A	100%
			196.00		

SOUTHERN CROSS NICKEL PROVINCE					
Bungalbin Iron Ore Option Project					
Bungalbin	102km NNE of Southern Cross	E77/00842	112.58	G	100% ⁴
Mount Jackson	106km NNE of Southern Cross	E77/00896	36.40	G	100% ⁴
Mount Jackson	105km NNE of Southern Cross	E77/00919	53.20	G	100% ⁴
			202.18		

⁴ Portman Mining right to acquire iron ore rights through spending \$0.25m and providing Heron with a production royalty. Heron owns all nickel and gold rights.

SOUTHERN CROSS NICKEL PROVINCE					
Mount Elvire Nickel Project					
Lake Barlee	242km NNE of Southern Cross	E29/00503	16.80	A	100%
Lake Barlee	219km NNE of Southern Cross	E30/00267	92.40	A	100%
Elvire Rock	200km NNE of Southern Cross	E30/00270	196.00	A	100%
			305.20		

SOUTHERN CROSS NICKEL PROVINCE					
Maggie Hays Hill Nickel Project					
Maggie Hays Hill	140km SE of Southern Cross	E63/00625	81.20	A	100%
			81.20		

KEITH KILKENNY NICKEL PROVINCE					
Mulgabbie Nickel Project					
Lake Rebecca	114km NE of Kalgoorlie	M31/00318	4.39	A	100%
			4.39		

LAVERTON NICKEL PROVINCE					
Laverton Nickel Project					
Mineral Patch Hill	75km SE of Laverton	E38/00931	196.00	G	100% ⁵
Merolia	50km SE of Laverton	E38/01179	196.00	G	100% ⁵
Jasper Hills	120km SE of Laverton	E39/00907	25.20	A	100%
Murrin Murrin	60km WSW of Laverton	P39/04228	1.21	A	100%
			418.41		

⁵ MPI Gold Pty Ltd owns all gold rights. Heron owns all nickel rights.

Heron Nickel Projects 121 tenements 4,538.82 km²

REGENT BASE METAL-GOLD PROVINCES

ILAARA PROVINCE					
Perrinvale Joint Venture Project					
Ranford Peak	231km NW of Kalgoorlie	E29/00434	98.00	G	100% ⁶
Mount Marmion	208km NW of Kalgoorlie	E29/00435	95.20	G	100% ⁶
Metzkies Find	208km NW of Kalgoorlie	E29/00455	156.80	A	100% ⁶
Lawrence Find	160km NW of Kalgoorlie	E30/00203	208.52	A	100% ⁶
Lawrence Find North	188km NW of Kalgoorlie	E30/00226	196.00	G	100% ⁶
Lawrence Find	176km NW of Kalgoorlie	E30/00228	64.40	G	100% ⁶
Ilaara	196km NW of Kalgoorlie	E30/00254	126.00	A	100% ⁶
			944.92		

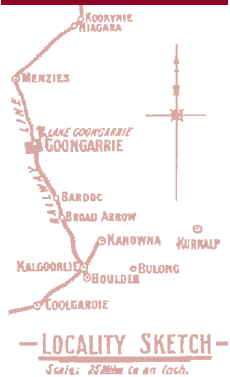
⁶ Mt Burgess Mining NL has the right to earn 70% through spending \$0.5m. Heron owns all nickel rights.

Interest in Mining Tenements

Continued



Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held
SOUTHERN CROSS PROVINCE					
Karalee	64km ESE of Southern Cross	Karalee Project E77/01123	61.60	A	Fe-Ti-V-PGM-Ni-Au 100%
1			61.60		
BOORARA SHEAR PROVINCE					
Mulgarie North	50km N of Kalgoorlie	Gidji Joint Venture Project E24/00097	25.20	G	Au-Ni 100% ⁷
Gidji Roaster	14km N of Kalgoorlie	E24/00111	64.40	A	100% ⁷
Kurramia	8km NE of Kalgoorlie	P26/02898	1.60	G	100% ⁷
Kurramia South	10km NE of Kalgoorlie	P26/02977	0.89	G	100% ⁷
Kurramia	10km NE of Kalgoorlie	P26/02979	0.18	G	100% ⁷
Kurramia	10km NE of Kalgoorlie	P26/02994	1.40	G	100% ⁷
Five Mill Hill	7km NNE of Kalgoorlie	P26/03112	1.55	A	100% ⁷
Five Mill Hill	5km NNE of Kalgoorlie	P26/03113	1.51	A	100% ⁷
Five Mill Hill	5km NNE of Kalgoorlie	P26/03114	2.00	A	100% ⁷
Five Mill Hill	6km NNE of Kalgoorlie	P26/03115	2.00	A	100% ⁷
10			100.73		
⁷ Central Exchange Limited has the right to earn 80% through spending \$0.25m. Heron owns all nickel rights.					
BOORARA SHEAR PROVINCE					
Cutters Luck	32km SSE of Kalgoorlie	Mount Martin Project E26/00080	53.20	A	Au-Ni 100%
Cutters Luck	48km SSE of Kalgoorlie	M26/00667	2.27	A	100%
Cutters Luck	29km SSE of Kalgoorlie	P26/02907	1.60	A	100%
Cutters Luck	27km SSE of Kalgoorlie	P26/02908	2.00	A	100%
Cutters Luck	44km SSE of Kalgoorlie	P26/02909	1.66	A	100%
5			60.73		
BOORARA SHEAR PROVINCE					
Clinker Hill	32km SE of Kalgoorlie	Wombola Project E25/00250	58.80	A	Au-Ni 100%
Wombola North	42km SE of Kalgoorlie	P25/01735	1.18	A	100%
Wombola North	42km SE of Kalgoorlie	P25/01736	1.14	A	100%
Wombola North	44km SE of Kalgoorlie	P26/03090	1.41	A	100%
Wombola North	44km SE of Kalgoorlie	P26/03091	1.08	A	100%
5			63.61		
EMU FAULT PROVINCE					
Mulgarie	41km NNE of Kalgoorlie	Yindargooda Project E24/00126	65.00	B	Base Metal-Au-Ni 100%
Yindargooda	46km E of Kalgoorlie	E25/00222	58.80	A	100%
Lake Yindargooda	52km ENE of Kalgoorlie	E25/00251	8.40	A	100%
Lake Yindargooda	54km ENE of Kalgoorlie	E25/00271	14.00	A	100%
Lake Yindargooda	58km ENE of Kalgoorlie	E25/00272	16.80	A	100%
Queen Lapage	45km ENE of Kalgoorlie	E25/00273	184.80	A	100%
Mount Mcleay	50km NE of Kalgoorlie	E27/00243	16.80	A	100%
Mayday North	53km NE of Kalgoorlie	E27/00264	14.00	A	100%
Mayday North	50km NE of Kalgoorlie	E27/00284	5.60	A	100%
Carr Boyd South	65km ENE of Kalgoorlie	E27/00290	196.00	A	100%
Kalpini West	50km NE of Kalgoorlie	M27/00371	3.37	A	100%
Kalpini West	53km NE of Kalgoorlie	M27/00372	1.64	A	100%
Lindsays North	53km NNE of Kalgoorlie	M27/00382	1.15	A	100%
Gindalbie	45km NE of Kalgoorlie	M27/00383	3.57	A	100%
Garibaldi	48km NNE of Kalgoorlie	M27/00386	0.29	A	100%
Silver Swan North	46km NNE of Kalgoorlie	M27/00388	5.54	A	100%
Queen Lapage	52km ENE of Kalgoorlie	P25/01755	0.27	A	100%
Queen Lapage	51km ENE of Kalgoorlie	P25/01756	0.14	A	100%
Lindsays Find	50km NNE of Kalgoorlie	P27/01474	{0.077}	G	100%
Lindsays Find	51km NNE of Kalgoorlie	M27/00416	1.26	A	100%
Garibaldi	48km NE of Kalgoorlie	P27/01491	1.34	G	100%
Our Swamp Dam	43km ENE of Kalgoorlie	P27/01575	1.41	A	100%
Our Swamp Dam	44km ENE of Kalgoorlie	P27/01576	1.92	A	100%
22			593.09		
KEITH KILKENNY PROVINCE					
Mount McClure	135km NNW of Leonora	Wildara North Project E36/00387	16.80	A	Base Metal-Au-Ni 100%
Try Again Bore	123km NNW of Leonora	E36/00432	19.60	A	100%
Table Hill	102km NNW of Leonora	E36/00483	16.80	A	100%
Lake Darlot	103km NNW of Leonora	E37/00726	84.00	A	100%
4			137.20		

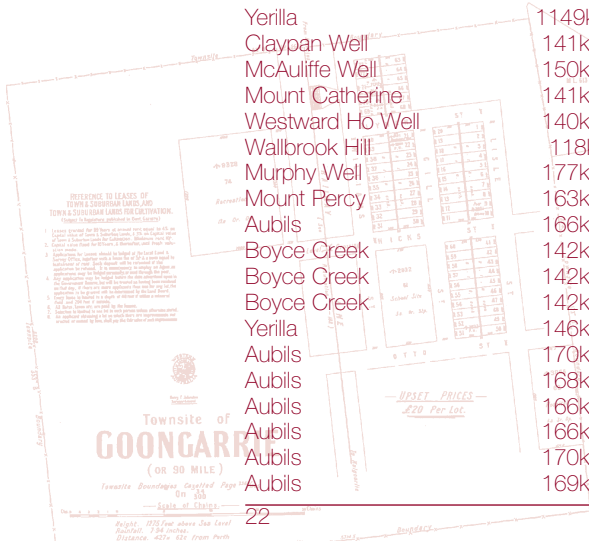


Interest in Mining Tenements

Continued



Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held
KEITH KILKENNY PROVINCE					
		Kookynie Project	Base Metal-Au-Ni		
Tampa	30km SSE of Leonora	E40/00140	8.98	A	100%
Tampa	33km SSE of Leonora	E40/00141	2.99	A	100%
Jeedamya	57km S of Leonora	E40/00187	14.00	A	100%
Malcolm East	22km ESE of Leonora	M37/00727	4.43	A	100%
Malcolm East	21km ESE of Leonora	M37/00728	5.73	A	100%
Malcolm East	23km ESE of Leonora	M37/00729	9.74	A	100%
Malcolm East	22km ESE of Leonora	M37/00730	8.00	A	100%
Alice Gold Mine	17km ESE of Leonora	M37/00953	0.10	A	100%
8			53.97		
KEITH KILKENNY PROVINCE					
		Edjudina Project	Base Metal-Au-Ni		
Claypan Dam	158km NNE of Kalgoorlie	E31/00347	2.80	A	100%
Mount Catherine East	143km NNE of Kalgoorlie	E31/00372	5.60	B	100%
Mount Catherine East	138km NNE of Kalgoorlie	E31/00373	2.80	B	100%
Yerilla	1149km NNE of Kalgoorlie	E31/00399	2.80	A	100%
Claypan Well	141km NNE of Kalgoorlie	E31/00446	8.40	A	100%
McAuliffe Well	150km NNE of Kalgoorlie	E31/00518	50.40	A	100%
Mount Catherine	141km NNE of Kalgoorlie	E31/00529	2.80	A	100%
Westward Ho Well	140km NNE of Kalgoorlie	E31/00576	30.80	A	100%
Wallbrook Hill	118km NE of Kalgoorlie	E31/00586	86.80	A	100%
Murphy Well	177km NNE of Kalgoorlie	E39/00831	33.60	A	100%
Mount Percy	163km NNE of Kalgoorlie	E39/00883	196.00	A	100%
Aubils	166km NNE of Kalgoorlie	E39/00957	95.20	A	100%
Boyce Creek	142km NNE of Kalgoorlie	M31/00278	0.70	A	100%
Boyce Creek	142km NNE of Kalgoorlie	M31/00296	5.80	A	100%
Boyce Creek	142km NNE of Kalgoorlie	M31/00300	1.11	A	100%
Yerilla	146km NNE of Kalgoorlie	M31/00317	9.28	A	100%
Aubils	170km NNE of Kalgoorlie	M39/00656	1.48	A	100%
Aubils	168km NNE of Kalgoorlie	M39/00657	4.44	A	100%
Aubils	166km NNE of Kalgoorlie	M39/00658	1.48	A	100%
Aubils	166km NNE of Kalgoorlie	M39/00659	1.48	A	100%
Aubils	170km NNE of Kalgoorlie	M39/00660	1.48	A	100%
Aubils	169km NNE of Kalgoorlie	M39/00662	2.96	A	100%
22			548.20		
KEITH KILKENNY PROVINCE					
		Yarri Project	Base Metal-Au-Ni		
Crab Hill	137km ENE of Kalgoorlie	E28/01138	5.60	A	100%
Deenya Hill	130km NE of Kalgoorlie	E31/00582	8.40	A	100%
Yarri	137km NE of Kalgoorlie	M31/00141	0.20	A	100%
Yilgangi Castle	129km NE of Kalgoorlie	M31/00173	0.34	A	100%
Mount Catherine	142km NNE of Kalgoorlie	M31/00249	0.58	A	100%
Webb Find	153km NE of Kalgoorlie	M31/00281	1.20	A	100%
Banjo Well	141km NE of Kalgoorlie	M31/00310	4.70	A	100%
Yarri	136km NE of Kalgoorlie	M31/00314	4.40	A	100%
Yilgangi North	131km NE of Kalgoorlie	P31/01580	1.85	G	100%
Yilgangi North	131km NE of Kalgoorlie	P31/01581	1.76	G	100%
Yilgangi North	131km NE of Kalgoorlie	P31/01582	1.65	G	100%
Jump Up Dam	129km NE of Kalgoorlie	P31/01669	1.21	A	100%
12			31.89		
LAVERTON PROVINCE					
		Laverton Project	Base Metal-Au-Ni		
Doris Well	60km N of Laverton	E38/01368	22.40	A	100%
King of Creation	53km N of Laverton	E38/01375	2.80	A	100%
Mineshaft Well	72km N of Laverton	E38/01380	25.20	A	100%
3			50.40		



Continued Interest in Mining Tenements



Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held
EASTERN GOLDFIELDS PROVINCE					
		Regional	Base Metal-Au-Ni		
Queen Lapage	50km ENE of Kalgoorlie	E25/00256	28.00	B	100% ⁸
Round Hill	136km ENE of Kalgoorlie	E28/01240	42.00	A	100% ⁸
Crab Hill	132km ENE of Kalgoorlie	E28/01242	19.60	A	100% ⁸
Marsh Dam	72km NNE of Kalgoorlie	E31/00591	25.20	A	100% ⁸
Porkie Well	42km SE of Leonora	E31/00592	22.40	G	100% ⁸
Mount McClure	128km NNW of Leonora	E36/00388	5.60	G	100% ⁸
Woodarra	100km N of Leonora	E37/00713	42.00	A	100% ⁸
McKenzie Well	73km N of Laverton	E38/01461	5.60	A	100% ⁸
Perseverance Well	53km WNW of Laverton	E39/00738	36.40	G	100% ⁸
Mount Goose	26km WSW of Laverton	E39/00946	28.00	A	100% ⁸
Tampa	35km SSE of Leonora	E40/00142	14.00	G	100% ⁸
Yari	136km NE of Kalgoorlie	M31/00314	4.40	A	100% ⁸
Widgiemooltha	86km SSE of Kalgoorlie	P15/04475	0.04	A	100% ⁸
Mount Magnetic	37km ESE of Kalgoorlie	P25/01720	1.20	A	100% ⁸
Mount Magnetic	37km ESE of Kalgoorlie	P25/01721	1.20	A	100% ⁸
Mount Magnetic	37km ESE of Kalgoorlie	P25/01722	1.04	A	100% ⁸
Eulaminna	46km ESE of Leonora	P39/04127	1.20	G	100% ⁸
Eulaminna	47km ESE of Leonora	P39/04128	1.20	G	100% ⁸
Eulaminna	47km ESE of Leonora	P39/04129	1.20	G	100% ⁸
Eulaminna	46km ESE of Leonora	P39/04130	1.20	G	100% ⁸
Eulaminna	46km ESE of Leonora	P39/04131	1.28	G	100% ⁸
21			282.76		

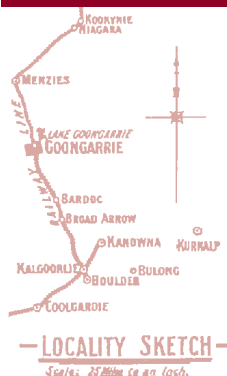
⁸ Avoca Resources Limited holds in trust for Heron.

KIMBERLEY PROVINCE		Halls Creek Project	Base Metal-Ni-Cu-PGM		
Alice Hill	40km NE of Halls Creek	E80/02890	16.80	A	100%
1			16.80		

KIMBERLEY PROVINCE		Kimberley Basin Project	Base Metal-F-Ba-Ni-Cu-PGM		
Speewah	91km SW of Kununurra	E80/02954	156.80	A	100%
Speewah	122km SW of Kununurra	E80/02955	196.00	A	100%
Speewah	110km SW of Kununurra	E80/02956	168.00	A	100%
Speewah	134km SW of Kununurra	E80/02957	196.00	A	100%
Foal Creek	184km SW of Kununurra	E80/02962	168.00	A	100%
Nellie Range	173km SW of Kununurra	E80/02963	196.00	A	100%
Pelican Hole	162km SW of Kununurra	E80/02964	162.40	A	100%
Drysdale River	260km NW of Kununurra	E80/02950	112.00	A	100%
Drysdale River	262km NW of Kununurra	E80/02951	196.00	A	100%
Kalumburu	267km NW of Kununurra	E80/02952	196.00	A	100%
King Edward River	266km NW of Kununurra	E80/02953	196.00	A	100%
King Edward River	286km NW of Kununurra	E80/02958	196.00	A	100%
King Edward River	288km NW of Kununurra	E80/02959	196.00	A	100%
Wade Creek	299km NW of Kununurra	E80/03040	196.00	A	100%
Mt Cone	299km NW of Kununurra	E80/03041	196.00	A	100%
Vansittart	323km NW of Kununurra	E80/03042	196.00	A	100%
Osborne Islands	334km NW of Kununurra	E80/03043	137.20	A	100%
Dawra Creek	280km WNW of Kununurra	E80/02965	196.00	A	100%
King Edward River	292km WNW of Kununurra	E80/02966	196.00	A	100%
19			3,452.40		

BANGEMALL PROVINCE		Nuninga Spring Project	Base Metal-F-Ba-Ni-Cu-PGM		
Nuninga Spring		E52/01660	196.00	A	100%
1			196.00		

Regent Base Metal Projects 141 tenements 6,594.30 km²



Interest in Mining Tenements

Continued



Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held
BREMER-EUCLA PROVINCE					
		Balladonia Oil Shale Project	Oil Shale-Mineral Sands		
Heartbreak 1	76km E of Norseman	E63/00707	196.00	A	100%
Heartbreak 2	70km NE of Norseman	E63/00708	196.00	A	100%
Heartbreak	82km E of Norseman	E63/00711	196.00	A	100%
The Yates	146km S of Norseman	E63/00731	196.00	A	100%
Mt Beaumont	154km SSE of Norseman	E63/00732	196.00	A	100%
Woodline Hills	77km NE of Norseman	E63/00795	162.40	A	100%
Charlina Rocks	153km ESE of Norseman	E69/01473	196.00	A	100%
Balladonia	168km ESE of Norseman	E69/01474	196.00	A	100%
Boingaring Rocks	156km ESE of Norseman	E69/01475	196.00	A	100%
Afghan Rock	185km ESE of Norseman	E69/01476	196.00	A	100%
Balladonia West	153km ESE of Norseman	E69/01477	196.00	A	100%
Charlina South	147km ESE of Norseman	E69/01478	196.00	A	100%
Charlina West	143km ESE of Norseman	E69/01479	196.00	A	100%
Cumadinia Rock	163km ESE of Norseman	E69/01480	196.00	A	100%
Yalodinya Rock	159km ESE of Norseman	E69/01481	134.40	A	100%
Charlina East	162km ESE of Norseman	E69/01482	81.20	A	100%
Chidalinya Rock	193km ESE of Norseman	E69/01492	106.40	A	100%
Jerandilla	190km ESE of Norseman	E69/01493	196.00	A	100%
Eclipse Hill	189km SE of Norseman	E69/01495	196.00	A	100%
Bonnie Hill	178km SE of Norseman	E69/01499	196.00	A	100%
Florabel Hill	190km SE of Norseman	E69/01500	196.00	A	100%
Balladonia	184km E of Norseman	E69/01717	196.00	A	100%
Balladonia Central	169km ESE of Norseman	E69/01742	179.20	A	100%
Balladonia Central	166km ESE of Norseman	E69/01743	168.00	A	100%
24			4,359.60		
BREMER-EUCLA PROVINCE					
		Ravensthorpe-Norseman Oil Shale Project	Oil Shale-Mineral Sands		
Lake Cowan	44km NNE of Norseman	E15/00570	204.01	A	100%
Heartbreak 9	46km NNE of Norseman	E15/00656	61.60	A	100%
Geordie Rock	87km SSW of Norseman	E63/00720	112.00	A	100%
Lake Dundas	34km SSW of Norseman	E63/00736	64.40	A	100%
Lort River	110km SSW of Norseman	E74/00278	151.20	A	100%
Lake Sharpe	112km SW of Norseman	E74/00281	196.00	A	100%
Recruit Hill	92km SSW of Norseman	E74/00282	196.00	A	100%
Lake Fitzgerald	101km SSW of Norseman	E74/00283	196.00	A	100%
Mount Deans	12km SSW of Norseman	M63/00417	9.87	A	100%
Mount Deans	15km SSW of Norseman	M63/00418	9.26	A	100%
10			1,200.34		
Balladonia Oil Shale Projects			34 tenements	5,559.94 km²	
HERON TOTAL			296 tenements	16,693.06 km²	

A=Application

G=Granted

B=Exploration Licence Application in Ballot

