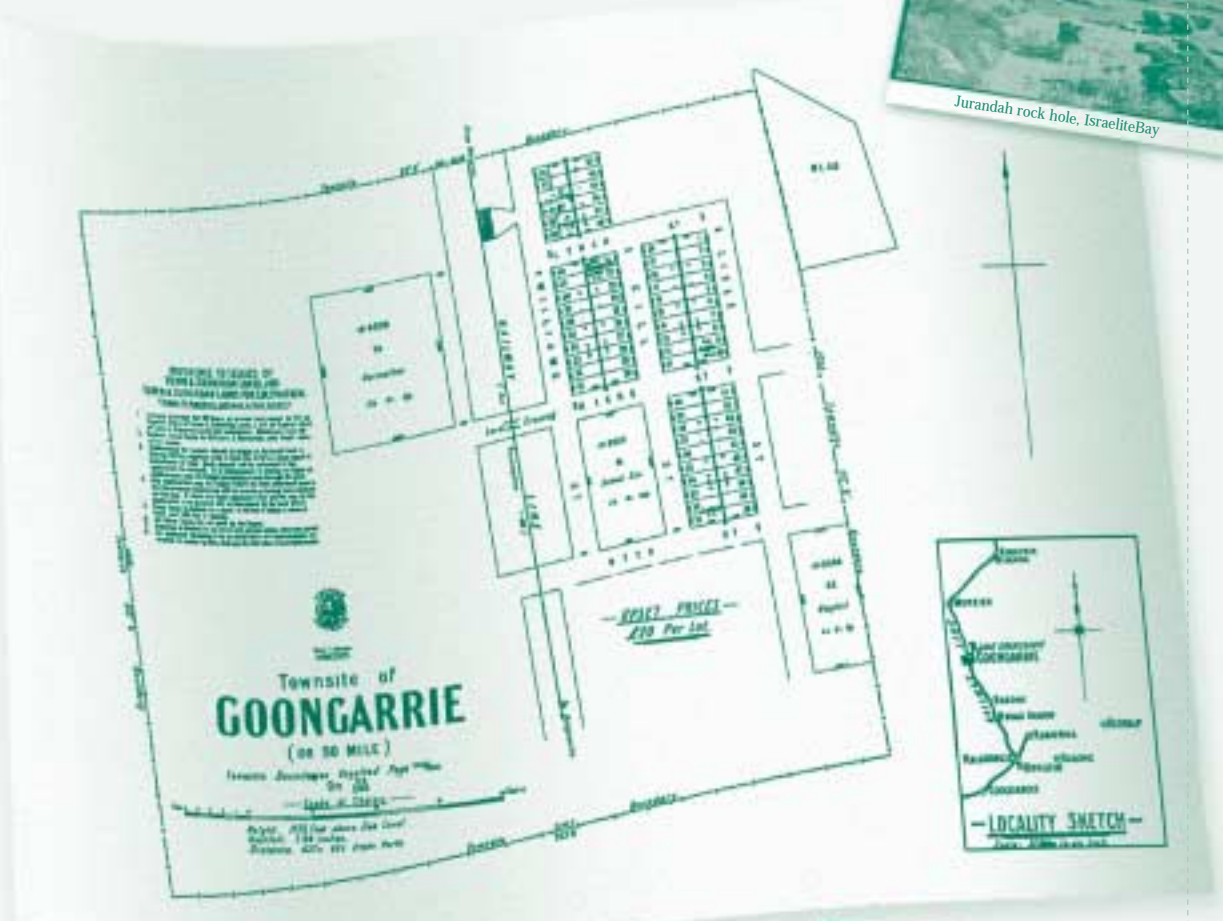


CORPORATE DIRECTORY

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3.0 Corporate Profile

HERON RESOURCES LIMITED 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 Laterite 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 six 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 increase the value of the Company through the continued acquisition, exploration and development of mineral resources;
- c) To establish mining cash flows that increase the Company's market capitalisation and value to Shareholders;
- d) 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
- e) Manage the risk in all exploration, development and corporate endeavours.

STRATEGY

- a) Acquire the maximum available equity in Nickel Laterite 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 Avoca PGE 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.

3.0 Corporate Profile cont

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 a general meeting on 21 June 1996 at \$100,000.

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.

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.

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.

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 2001 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 Rodney Michael Evans - FCA, FCIS, FCIM, AIArBA
 Appointed 26 March 1996
 Position Chairman (Non-Executive)

Rod Evans is a chartered accountant and consultant who has had wide experience in corporate administration and finance. Mr Evans is a Director and Chairman of RAC WA Holdings Pty Limited and RAC Finance Limited, and a past Chairman of Clark Kenneth Leventhal a world-wide association of accounting firms, the Australian Automobile Association, and a number of publicly listed companies involved in mining and exploration in Australia.

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 28 years' experience as an economic geologist, and for the last 15 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 Robert George Colville - AssocRMIT, MAusIMM
 Appointed 09 December 1996
 Position Director (Non-Executive)

Bob Colville has over 29 years' exploration experience predominantly within the Eastern Goldfields of Western Australia. Mr Colville has held a number of senior and executive positions with both major companies and junior explorers. He has been associated with the discovery and development of mines at Ranger Uranium (NT), and New Celebration, Goongarrie and Davyhurst (Eastern Goldfields WA). Mr Colville is an executive director of Barmenco Pty Limited, the largest private underground mining contractor in Australia, and Managing Director of Barra Resources Limited, a publicly listed company involved in gold exploration in Australia.

Director Craig Leslie Readhead - B.Juris. LL.B. (alternate for R M Evans)
 Appointed 03 September 2001
 Position Director (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.

Directors who have resigned during the reporting period are:

Director Peter James Lee
 Appointed Resigned 20 October 2000; Re-appointed 29 November 2000; Resigned 31 August 2001
 Position Director (Non-Executive)

Director Stephen Bruce Dennis
 Appointed Appointed 20 October 2000; Resigned 20 November 2000
 Position Director (Non-Executive)

Director Richard Monti (alternate for S B Dennis)
 Appointed Appointed 20 October 2000; Resigned 20 November 2000
 Position Director (Non-Executive)

4.0 Directors' Report cont

PRINCIPAL ACTIVITIES

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

- a) Nickel Laterite mineral exploration and development;
- b) Various Heron non-nickel mineral exploration activities, often implemented through farm-out; and
- c) De-merger of the Heron non-nickel assets into Avoca Resources Limited.

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

OPERATING RESULTS

The loss of the consolidated entity for the 2001 financial year after income tax of nil (2000 : nil) was \$558,500 (2000 : \$535,636).

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 consolidated entity during the year.

During the year 9,999,855 shares were placed at \$0.28 each raising \$2,799,960 (less costs) to fund exploration activities and for additional working capital.

On 8 June 2001 the subsidiary entity Avoca Resources Limited ("Avoca") was registered. Avoca was registered to allow a spin-off of the non-nickel exploration assets of Heron Resources Limited ("Heron"), to enable the Company to focus on its Nickel Laterite assets and allow more appropriate resources to be devoted to the development of the non-nickel assets.

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 2001 that has significantly affected or may significantly affect:

- a) The operations, in the financial years subsequent to 30 June 2001, of the consolidated entity;
- b) The results of those operations; or
- c) The state of affairs, in the financial years subsequent to 30 June 2001, of the consolidated entity.

As announced on 3 September 2001, subject to certain conditions precedent (including approval by the shareholders of Heron Resources Limited) to be satisfied or waived on or before 15 October 2001 or such later date as may be agreed, it has been agreed to make a private placement to Resource Capital Fund II L.P. of 10 million ordinary shares in the capital of the Company at \$0.30 per share, to raise \$3,000,000, together with 10 million three year options to subscribe for Heron shares at \$0.35 per share (issued for no consideration).

OPTIONS

No Options in the Company were exercised during the year.

1,670,000 Options were issued by the Company during the year.

290,000 Options expired during the year and to the date of this Report.

As at the date of this report the Company had the following Options on issue:

Number Issued	Expiry Date	Exercise Price
350,000	15 December 2001	\$0.25
50,000	05 March 2002	\$0.25
200,000	19 December 2002	\$0.25
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	04 February 2004	\$0.25
785,000	19 October 2004	\$0.35
785,000	19 October 2004	\$0.50
<hr/>		
3,070,000		

LIKELY DEVELOPMENTS

The Company will continue its core nickel development activities through sole funded exploration and joint ventures where appropriate. It is proposed to spin-off of the Heron Resources Limited non-nickel exploration assets into Avoca Resources Limited, which will enable Heron to focus on its Nickel Laterite assets and allow more appropriate resources to be devoted to the development of the non-nickel assets.

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
R M Evans	-	800,000	-	200,000
I J Buchhorn	2,447,857	33,793,155	1,000,000	-
R G Colville	-	140,000	-	150,000

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
R M Evans	12	12
I J Buchhorn	12	12
R G Colville	12	12
PJ Lee	11	10
R Monti (alternate for S B Dennis)	1	1

EMOLUMENTS OF DIRECTORS AND SENIOR EXECUTIVES

Executive 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
	\$	\$	\$	\$	\$
R M Evans	-	-	43,200	-	-
I J Buchhorn	130,000	-	20,000	-	-
R G Colville	-	20,000	1,600	-	-
S B Dennis	-	1,667	133	-	-
P J Lee	-	18,333	1,467	-	-
Senior Executive	\$	\$	\$	\$	\$
D J Crook	90,500	-	29,500	25,600	12,500

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

500,000 Options in the parent entity were issued to entities associated with D J Crook during the year:

Number Issued	Expiry Date	Exercise Price
250,000	19 October 2004	\$0.35
250,000	19 October 2004	\$0.50

The value of the 500,000 19 October 2004 Options issued to DJ Crook is estimated to be \$12,500.

AUDIT COMMITTEE

At the date of this Report the Company has not formed an Audit Committee, and as such the Board effectively acts as the Audit Committee. The Directors discuss the Company's activities with the auditors throughout the year. Due to the size and nature of operations, it has not been considered necessary to form an Audit Committee of the Board of Directors.

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.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Heron Resources Limited support and have adhered to the principles of corporate governance. The consolidated entity's corporate governance statement is contained in 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 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



R G COLVILLE
Director

Perth, 28 September 2001

5.0 Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2001

	Notes	Consolidated Entity		Parent Entity	
		2001 \$	2000 \$	2001 \$	2000 \$
REVENUES FROM ORDINARY ACTIVITIES	2	179,149	171,718	179,149	171,718
Administration expenses from ordinary activities		(581,213)	(678,000)	(548,264)	(678,000)
Mineral exploration expenditure written off		(156,436)	(29,354)	(154,643)	(29,354)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX	3	(558,500)	(535,636)	(523,758)	(535,636)
INCOME TAX RELATING TO ORDINARY ACTIVITIES	4	-	-	-	-
LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX		(558,500)	(535,636)	(523,758)	(535,636)
NET LOSS		(558,500)	(535,636)	(523,758)	(535,636)
Basic earnings per share	25	\$(0.0059)	\$(0.0068)		

Diluted earnings per share is not materially different from basic earnings per share

The accompanying notes form part of these financial statements

5.0 Financial Statements cont

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2001

	Notes	Consolidated Entity		Parent Entity	
		2001	2000	2001	2000
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets		3,130,967	3,925,296	3,130,947	3,925,286
Receivables	5	119,554	6,661	116,885	6,661
TOTAL CURRENT ASSETS		3,250,521	3,931,957	3,247,832	3,931,947
NON-CURRENT ASSETS					
Receivables	6	-	-	436,320	363,346
Investments	7	-	-	20	10
Property, plant and equipment	8	126,511	117,632	126,511	117,632
Exploration and evaluation costs carried forward	9	13,126,872	10,263,600	12,727,963	9,900,254
TOTAL NON-CURRENT ASSETS		13,253,383	10,381,232	13,290,814	10,381,242
TOTAL ASSETS		16,503,904	14,313,189	16,538,646	14,313,189
CURRENT LIABILITIES					
Payables	10	256,885	172,323	256,885	172,323
Provisions	11	93,829	77,769	93,829	77,769
TOTAL CURRENT LIABILITIES		350,714	250,092	350,714	250,092
TOTAL LIABILITIES		350,714	250,092	350,714	250,092
NET ASSETS		16,153,190	14,063,097	16,187,932	14,063,097
EQUITY					
Contributed equity	12	24,018,094	21,369,501	24,018,094	21,369,501
Accumulated losses	13	(7,864,904)	(7,306,404)	(7,830,162)	(7,306,404)
TOTAL EQUITY		16,153,190	14,063,097	16,187,932	14,063,097

The accompanying notes form part of these financial statements

5.0 Financial Statements cont

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2001

	Notes	Consolidated Entity		Parent Entity	
		2001 \$	2000 \$	2001 \$	2000 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		179,149	161,007	179,149	161,007
Proceeds from sale of tenements		-	15,000	-	15,000
GST Paid		(112,893)	-	(110,224)	-
Payments to suppliers		(442,570)	(619,699)	(409,621)	(619,699)
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	14(a)	(376,314)	(443,692)	(340,696)	(443,692)
CASH FLOWS FROM INVESTING ACTIVITIES					
Exploration expenditure		(3,013,211)	(2,454,234)	(2,975,855)	(2,090,888)
Acquisition of plant & equipment		(53,407)	(2,355)	(53,407)	(2,355)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		(3,066,618)	(2,456,589)	(3,029,262)	(2,093,243)
CASH INFLOWS FROM FINANCING ACTIVITIES					
Loan to controlled entities		-	-	(72,974)	(363,346)
Proceeds from issue of Shares		2,799,970	5,669,510	2,799,960	5,669,500
Share issue costs		(151,367)	(130,000)	(151,367)	(130,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES		2,648,603	5,539,510	2,575,619	5,176,154
NET INCREASE / (DECREASE) IN CASH HELD		(794,329)	2,639,229	(794,339)	2,639,219
Cash at the beginning of the financial year		3,925,296	1,286,067	3,925,286	1,286,067
CASH AT THE END OF THE FINANCIAL YEAR	14(c)	3,130,967	3,925,296	3,130,947	3,925,286
Non-cash financing and investing activities	14(b)	-	176,841	-	176,841

The accompanying notes form part of these financial statements

NOTES TO AND FORMING PART OF THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2001

NOTE 1. STATEMENT OF ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Act 2001. The financial report has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial statements.

a) Principles of Consolidation

The consolidated accounts comprise the accounts of Heron Resources Limited (the parent entity) and its controlled entities. A controlled entity is any entity controlled by Heron Resources Limited. Control exists where Heron Resources Limited has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Heron Resources Limited to achieve the objectives of Heron Resources Limited. A list of controlled entities is contained in Note 23.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

b) Income Tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of the realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c) Exploration, Evaluation, Development and Restoration Costs

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest.

Accumulated costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, or by its sale, or where the activities in the area have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Accumulated costs are not carried forward in respect of any area of interest unless rights to tenure of that area are current.

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation and development phases that give rise to the need for restoration.

d) Investments

Investments are brought to account at cost or at Directors' valuation. The carrying amount of investments is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these investments.

5.0 Financial Statements cont

e) Property, Plant and Equipment

Plant and equipment is measured at cost.

Depreciation is calculated on a straight line or diminishing value basis to write off the net cost of each item of property, plant and equipment over its expected useful life. Major depreciation periods for plant and equipment are 5 to 15 years.

f) Interests in Joint Ventures

The consolidated entity's share of the assets, liabilities, revenue and expenses of joint ventures is included in the appropriate items of the balance sheet and the profit and loss account.

Details of the joint ventures are set out in Note 22.

g) Employee Entitlements

Liabilities for wages and salaries, annual leave and sick leave are recognised and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' service up to that date.

h) Cash

Cash on hand and in banks and short-term deposits are stated at the lower of cost and net realisable value.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

i) Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition. Where shares are issued in an acquisition, the value of the shares is determined by reference to the fair value of the assets acquired, including goodwill where applicable.

Costs relating to the acquisition of new areas of interest are classified as either exploration and evaluation expenditure, development properties or mine properties based on the stage of development reached at the date of acquisition. Assets acquired may also include mineral reserves, mineral resources and unexplored and unevaluated acreage.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of acquisition. The discount rate used is the rate at which a similar borrowing could be obtained under comparable terms and conditions.

A liability for restructuring costs is recognised as at the date of acquisition of an entity or part thereof when there is a demonstrable commitment to a restructuring of the acquired entity and a reliable estimate of the amount of the liability can be made.

j) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount the asset is revalued to its recoverable amount. Where the net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. To the extent that a revaluation decrement reverses a revaluation increment previously credited to, and still included in the balance of, the asset revaluation reserve, the decrement is debited directly to that reserve. Otherwise the decrement is recognised as an expense in the profit and loss account.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market-determined, risk adjusted discount rate.

k) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. These amounts are unsecured and are usually paid within 30 days of recognition.

5.0 Financial Statements cont

l) Receivables and Revenue Recognition

Bills of Exchange

Bills of Exchange have been purchased in the market at a discount to face value. The Bills are carried at an amount representing cost and a portion of the discount recognised as income on an effective yield basis. The discount brought to account each period is accounted for as interest received.

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	
	2001	2000	2001	2000
	\$	\$	\$	\$
NOTE 2. REVENUE FROM ORDINARY ACTIVITIES				
Revenues from operating activities				
Proceeds from sale of tenements	-	15,000	-	15,000
Revenues from non-operating activities				
Interest received – other persons/corporations	179,149	156,718	179,149	156,718
Total revenues from ordinary activities	179,149	171,718	179,149	171,718

NOTE 3. EXPENSES

Depreciation and amortisation expenses	(44,529)	(50,858)	(44,529)	(50,858)
Salaries and employee benefits expense	(77,867)	(64,517)	(67,117)	(64,517)
Other expenses from ordinary activities	(458,817)	(562,625)	(436,618)	(562,625)
Mineral exploration expenditure written off	(156,436)	(29,354)	(154,643)	(29,354)

NOTE 4. INCOME TAX

Prima facie income tax benefit on loss from ordinary activities reconciles to the income tax expense as follows:

Loss from ordinary activities	(558,500)	(535,636)	(523,758)	(535,636)
Prima facie tax at 34% (2000 : 36%)	(189,890)	(192,829)	(178,078)	(192,829)
Non deductible items	12,281	62,492	5,121	62,492
Timing differences and tax losses not brought to account	177,609	130,337	172,957	130,337
Income tax expense	-	-	-	-

The Directors estimate the potential tax losses and section 330 exploration expenditure deduction entitlements available to the consolidated entity to be \$11,662,896 (2000 : \$7,748,391).

The future income tax benefit arising from tax losses has not been recognised as an asset because recovery is not virtually certain.

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	
	2001	2000	2001	2000
	\$	\$	\$	\$
NOTE 5. RECEIVABLES (CURRENT)				
Goods & Services Tax Paid	119,554	6,661	116,885	6,661
	<u>119,554</u>	<u>6,661</u>	<u>116,885</u>	<u>6,661</u>

NOTE 6. RECEIVABLES (NON CURRENT)				
Loan to controlled entities (Note 17)	-	-	436,320	363,346
	<u>-</u>	<u>-</u>	<u>436,320</u>	<u>363,346</u>

NOTE 7. INVESTMENTS IN CONTROLLED ENTITIES				
Shares in controlled entities – at cost (Note 23)	-	-	20	10
	<u>-</u>	<u>-</u>	<u>20</u>	<u>10</u>

NOTE 8. PROPERTY PLANT AND EQUIPMENT				
Plant and equipment at cost	85,448	62,605	85,448	62,605
Accumulated depreciation	(60,540)	(48,995)	(60,540)	(48,995)
	<u>24,908</u>	<u>13,610</u>	<u>24,908</u>	<u>13,610</u>
Office equipment & furniture at cost	32,730	24,251	32,730	24,251
Accumulated depreciation	(21,194)	(14,625)	(21,194)	(14,625)
	<u>11,536</u>	<u>9,626</u>	<u>11,536</u>	<u>9,626</u>
Motor vehicles at cost	198,254	176,168	198,254	176,168
Accumulated depreciation	(108,187)	(81,772)	(108,187)	(81,772)
	<u>90,067</u>	<u>94,396</u>	<u>90,067</u>	<u>94,396</u>
Total property, plant and equipment	<u>126,511</u>	<u>117,632</u>	<u>126,511</u>	<u>117,632</u>

	Consolidated Entity		Parent Entity	
	2001	2001	2001	2001
	\$	\$	\$	\$
Reconciliation				
Plant and equipment:				
Carrying amount at 1 July 2000	13,610		13,610	
Additions	22,843		22,843	
Disposals	-		-	
Depreciation Expense	(11,545)		(11,545)	
Carrying value at 30 June 2001	<u>24,908</u>		<u>24,908</u>	
Office equipment and furniture:				
Carrying amount at 1 July 2000	9,626		9,626	
Additions	8,478		8,478	
Disposals	-		-	
Depreciation Expense	(6,568)		(6,568)	
Carrying value at 30 June 2001	<u>11,536</u>		<u>11,536</u>	
Motor vehicles:				
Carrying amount at 1 July 2000	94,396		94,396	
Additions	22,086		22,086	
Disposals	-		-	
Depreciation Expense	(26,415)		(26,415)	
Carrying value at 30 June 2001	<u>90,067</u>		<u>90,067</u>	

5.0 Financial Statements cont

	Consolidated Entity		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
NOTE 9. EXPLORATION AND EVALUATION COSTS CARRIED FORWARD				
Balance at beginning of year	10,263,600	7,681,825	9,900,254	7,681,825
Acquisition costs	138,027	350,286	138,027	350,286
Exploration and evaluation costs incurred during the year	2,881,681	2,260,843	2,844,325	1,897,497
Exploration and evaluation costs written off	(156,436)	(29,354)	(154,643)	(29,354)
Balance at end of year	<u>13,126,872</u>	<u>10,263,600</u>	<u>12,727,963</u>	<u>9,900,254</u>

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. PAYABLES (CURRENT)

Trade creditors and accruals	<u>256,885</u>	<u>172,323</u>	<u>256,885</u>	<u>172,323</u>
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Trade creditors are non-interest bearing and are normally settled on 30 day terms.

NOTE 11. PROVISIONS (CURRENT)

Employee entitlements	<u>93,829</u>	<u>77,769</u>	<u>93,829</u>	<u>77,769</u>
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NOTE 12. CONTRIBUTED EQUITY

Issued and paid up capital				
100,958,727 (2000 : 90,958,872)				
Ordinary Shares fully paid	24,476,302	21,676,342	24,476,302	21,676,342
Less: Capital Raising Expenses	(458,208)	(306,841)	(458,208)	(306,841)
	<u>24,018,094</u>	<u>21,369,501</u>	<u>24,018,094</u>	<u>21,369,501</u>

Movements in issued and paid up capital of the parent entity during the year are as follows:

	2001	
	Number	\$
Balance at beginning of year	90,958,872	21,676,342
Issued during the year	<u>9,999,855</u>	<u>2,799,960</u>
Balance at end of year	<u>100,958,727</u>	<u>24,476,302</u>

9,999,855 Shares were issued during March 2001 at \$0.28 per share to fund exploration activities and for additional working capital.

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.

Options

No Options in the Company were exercised during the year.

1,670,000 Options were issued by the Company to employees during the year.

40,000 Options expired during the year.

5.0 Financial Statements cont

As at 30 June 2001 the Company had the following Options on issue:

Number Issued	Expiry Date	Exercise Price
100,000	28 August 2001	\$0.25
150,000	01 September 2001	\$0.25
350,000	15 December 2001	\$0.25
50,000	05 March 2002	\$0.25
200,000	19 December 2002	\$0.25
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
<u>785,000</u>	<u>19 October 2004</u>	<u>\$0.50</u>
3,320,000		

Consolidated Entity		Parent Entity	
2001	2000	2001	2000
\$	\$	\$	\$

NOTE 13. ACCUMULATED LOSSES

Balance at the beginning of the year	7,306,404	6,770,768	7,306,404	6,770,768
Net Loss	558,500	535,636	523,758	535,636
Balance at end of the year	<u>7,864,904</u>	<u>7,306,404</u>	<u>7,830,162</u>	<u>7,306,404</u>

NOTE 14. STATEMENT OF CASH FLOWS

a) Reconciliation of loss from ordinary activities after income tax to the net cash flows from operations

Loss from ordinary activities after income tax	(558,500)	(535,636)	(523,758)	(535,636)
Add/(less)				
Exploration and evaluation costs written off	156,436	29,354	154,643	29,354
Depreciation	44,529	50,858	44,529	50,858
(Increase)/decrease in accrued interest	-	4,289	-	4,289
Increase/(decrease) in creditors, accruals and receivables	(18,779)	7,443	(16,110)	7,443
	<u>(376,314)</u>	<u>(443,692)</u>	<u>(340,696)</u>	<u>(443,692)</u>

b) Non-Cash Financing and Investing Activities

Issue of 768,872 shares to a nominee of Carmichael First Capital Pty Limited pursuant to a negotiated success fee which crystallised with the signing of the Strategic Alliance with Centaur Mining & Exploration Limited on 17 September 1999	-	176,841	-	176,841
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c) Reconciliation of Cash

Cash on hand and at bank	3,130,967	2,431,839	3,130,947	2,431,829
Commercial bills	-	1,493,457	-	1,493,457
Closing cash balance	<u>3,130,967</u>	<u>3,925,296</u>	<u>3,130,947</u>	<u>3,925,286</u>

Environmental Bonds of \$25,960 (2000 : \$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.

5.0 Financial Statements cont

	Consolidated Entity		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
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:	236,400	291,388	236,400	291,388

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

	2001 Number	2000 Number
\$0 - \$9,999	2	1
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	1	2
\$40,000 - \$49,999	1	1
\$150,000 - \$159,999	1	-
\$210,000 - \$219,999	-	1

NOTE 16. REMUNERATION OF EXECUTIVES

	2001 \$	2000 \$
Income paid or payable, or otherwise made available to Executives by the consolidated entity and related parties in connection with the management of affairs of the Company:	158,100	150,000

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

	2001 Number	2000 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:

Rodney Michael Evans

Ian James Buchhorn

Robert George Colville

Peter James Lee (resigned 20 October 2000, re-appointed 29 November 2000, resigned 31 August 2001)

Stephen Bruce Dennis (appointed 20 October 2000, resigned 20 November 2000)

Richard Montii (alternate for S B Dennis - appointed 20 October 2000, resigned 20 November 2000)

b) Related party transactions during the financial year were:

- payment of \$60,000 (2000 : \$60,000) to parties related to Mr I J Buchhorn for the provision of office accommodation on normal commercial terms and conditions;
- payment of \$nil (2000 : \$1,068) for residential accommodation secured by the Company for an employee from a party related to Mr I J Buchhorn on normal commercial terms and conditions;
- payment of \$2,228 (2000 : \$1,256) to parties related to Mr I J Buchhorn for the provision of secretarial services and temporary staff on normal commercial terms and conditions;
- payments of \$nil (2000 : \$75,000) for acquisition of mining tenements from parties related to Mr I J Buchhorn 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 \$366,192 (2000 : \$363,346) was made by the parent entity to the controlled entity Balladonia Energy NL;
- Interest-free loan of \$70,128 (2000 : \$nil) was made by the parent entity to the controlled entity Avoca Resources Limited.

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:

	2001	2000
Ordinary Shares held	34,233,155	31,609,855
Options over Ordinary Shares held	1,350,000	1,350,000

- During the year Directors and Director related entities Share transactions resulted in an increase in their Shareholding of 2,623,300 shares which were acquired on the same basis as similar transactions with other Shareholders;

- 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 company that is incorporated and domiciled in Australia. During the year the Company changed its status from a no liability company to a company limited by shares. 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 4.75% (2000 : 5.75%).
Commercial Bills		Commercial Bills are carried at an amount representing cost and a portion of the discount recognised as income on an effective yield basis.	Commercial Bills have a term of 26 days with an interest rate of 4.75% (2000 : 6.15%).
Environmental Bonds		Environmental Bonds are carried at cost.	Environmental Bonds are security term deposits with a 6 month term with an interest rate of 4.9% (2000 : 5.5%).
<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.

5.0 Financial Statements cont

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	
	2001	2000	2001	2000	2001	2000	2001	2000
	\$	\$	\$	\$	\$	\$	%	%
<i>i) Financial assets</i>								
Cash at bank	35,502	1,866,425	-	-	35,502	1,866,425	4.00	4.85
Commercial Bills	-	1,493,457	-	-	-	1,493,457	-	6.15
11am Call Accounts	3,069,505	539,454	-	-	3,069,505	539,454	4.75	5.75
Environmental Bonds	25,960	25,960	-	-	25,960	25,960	4.90	5.50
Total financial assets	3,130,967	3,925,296	-	-	3,130,967	3,925,296	n/a	n/a

	Floating Interest Rate		Total carrying amount as per balance sheet		Weighted average effective interest rate	
	2001	2000	2001	2000	2001	2000
	\$	\$	\$	\$	%	%
<i>ii) Financial liabilities</i>						
Trade creditors and accruals	256,885	172,323	256,885	172,323	n/a	n/a
Total financial liabilities	256,885	172,323	256,885	172,323	n/a	n/a

c) Net fair values

	Total carrying amount as per balance sheet		Aggregate net fair value	
	2001	2000	2001	2000
	\$	\$	\$	\$
<i>Financial assets</i>				
Cash at bank	35,502	1,866,425	35,502	1,866,425
Commercial Bills	-	1,493,457	-	1,493,457
11am Call accounts	3,069,505	539,454	3,069,505	539,454
Environmental Bonds	25,960	25,960	25,960	25,960
Total financial assets	3,130,967	3,925,296	3,130,967	3,925,296
<i>Financial liabilities</i>				
Trade creditors and accruals	256,885	172,323	256,885	172,323
Total financial liabilities	256,885	172,323	256,885	172,323

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	
	2001	2000	2001	2000
	\$	\$	\$	\$
Amounts received or due and receivable by the auditors for:				
- audit services	10,175	11,345	10,175	11,345
- other services	4,638	-	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:

	Consolidated Entity		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
Not later than 1 year	2,000,000	2,000,000	1,500,000	1,800,000
Later than 1 year but not later than 5 years	8,000,000	8,000,000	6,000,000	6,800,000
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).

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 or is negotiating the following joint venture agreements:

Project	Operator	Right to Earn	Farm-in Expenditure
Laverton	Metex Resources Limited	70%	\$500,000
Mt Morgans	Metex Resources Limited	70%	\$200,000
Snake Hill	Barra Resources Limited	70%	\$300,000
Southern Laverton Tectonic Zone	Gutnick Resources NL	80%	\$1,200,000
Edjudina and Laverton	Croesus Mining NL	80%	\$1,000,000
Bungalbin and Mount Jackson	Portman Limited	100%*	\$250,000
Karonie South	WMC Resources Limited	80%	\$300,000
Scotia Kanowna	Delta Gold NL	70%	\$1,000,000
Transline	Harmony Gold Limited	80%	\$800,000
Binduli East	AngloGold Australasia Limited	75%	\$500,000
Victory	WMC Resources Limited	80%	\$125,000
Perrinvale	Mt Burgess Mining NL	70%	\$500,000
Kookynie	Newcrest Operations Limited	75%	\$800,000
Blister Dam	Place Dome Asia Pacific	70%	\$1,200,000
Roe Hills	Delta Gold NL	80%	\$1,000,000
	TOTAL		\$9,675,000

* 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	
			2001	2000	2001	2000
					\$	\$
Balladonia Energy NL	Australia	Ordinary	100%	100%	10	10
Avoca Resources Limited	Australia	Ordinary	100%	-	10	-

Balladonia Energy NL was registered to evaluate the potential of documented Oil Shale 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.

Avoca Resources Limited was registered to spin-off the Heron Resources Limited non-nickel exploration assets in order to enable Heron to focus on its Nickel Laterite assets and allow more appropriate resources to be devoted to the development of non-nickel assets.

5.0 Financial Statements cont

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

	2001 \$	2000 \$
Basic earnings per Share	(0.0059)	(0.0068)
Weighted average number of ordinary Shares outstanding during the year used in the calculation of basic earnings per Share.	94,070,707	77,925,300

As diluted earnings per Share is not materially different from basic earnings per Share it has not been disclosed.

NOTE 26. EMPLOYEE ENTITLEMENTS

	Consolidated Entity		Parent Entity	
	2001 \$	2000 \$	2001 \$	2000 \$
a) Employee Entitlements:				
The aggregate employee entitlement is comprised of:				
Provisions (Current)	93,829	77,769	93,829	77,769

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 any time during the period commencing 12 months after the commencement date and ending on the expiry date. There are currently nine employees, directors and officers eligible for this scheme. The Options cannot be transferred and will not be quoted on the ASX.

During the year 1,670,000 Options were issued, 40,000 Options expired and no Options were exercised under the scheme. As at 30 June 2001 options on issue under this scheme were:

Number Issued	Expiry Date	Exercise Price
100,000	28 August 2001	\$0.25
150,000	01 September 2001	\$0.25
350,000	15 December 2001	\$0.25
50,000	05 March 2002	\$0.25
100,000	4 February 2004	\$0.25
785,000	19 October 2004	\$0.35
785,000	19 October 2004	\$0.50
<u>2,320,000</u>		

c) The consolidated entity employed seven employees as at 30 June 2001 (2000 : six employees).

NOTE 27. SUBSEQUENT EVENTS

As announced on 3 September 2001, subject to certain conditions precedent (including approval by the Shareholders of Heron Resources Limited) to be satisfied or waived on or before 15 October 2001 or such later date as may be agreed, it has been agreed to make a private placement to Resource Capital Fund II L.P. of 10 million ordinary Shares in the capital of the Company at 30 cents per Share, to raise \$3,000,000, together with 10 million three year Options to subscribe for Heron Shares at 35 cents per Share (issued for no consideration).

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 2001 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



R G COLVILLE
Director

Perth, 28 September 2001

6.0 Independent Audit Report

To the members of Heron Resources Limited

Scope

We have audited the financial report of Heron Resources Limited for the year ended 30 June 2001 as set out on pages 36 to 50, including the Directors' Declaration. The Company's Directors are responsible for the financial report which includes the financial statements of Heron Resources Limited 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 the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance 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 statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the Company's and 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 Heron Resources Limited 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 2001 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.



BUTLER SETTINERI
Chartered Accountants



COLIN BUTLER
Partner

Perth, 28 September 2001

7.0 Shareholder Information

SHAREHOLDER INFORMATION AT 05 SEPTEMBER 2001

1. Issued Shares and Options

a) Distribution of Shareholders:

Size of Holding	Number of Holders	Shares Held
1 - 1,000	41	28,990
1,001 - 5,000	476	1,557,278
5,001 - 10,000	429	3,701,315
10,001 - 100,000	687	22,460,317
100,001 -	76	73,210,827
	1709	100,958,727

b) The twenty largest Shareholders hold 59.35% of the issued fully paid capital of the Company.

c) Substantial Shareholder who has notified the Company:

Holder	Number of Shares	%
Hazurn Pty Ltd	25,750,000	25.51
Centaur Nickel Investments Pty Ltd	15,890,310	15.74

d) Distribution of Optionholders:

The following Options were on issue:

i)	350,000	exercisable on or before 15 December 2001	payment of \$0.25 per Option exercised;
ii)	50,000	exercisable on or before 05 March 2002	payment of \$0.25 per Option exercised;
iii)	200,000	exercisable on or before 19 December 2002	payment of \$0.25 per Option exercised;
iv)	200,000	exercisable on or before 19 December 2002	payment of \$0.35 per Option exercised;
v)	200,000	exercisable on or before 19 December 2002	payment of \$0.45 per Option exercised;
vi)	200,000	exercisable on or before 19 December 2002	payment of \$0.55 per Option exercised;
vii)	200,000	exercisable on or before 19 December 2002	payment of \$0.65 per Option exercised;
viii)	100,000	exercisable on or before 04 February 2004	payment of \$0.25 per Option exercised;
ix)	785,000	exercisable on or before 19 October 2004	payment of \$0.35 per Option exercised;
x)	785,000	exercisable on or before 19 October 2004	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	3	175,000
100,001 -	7	2,895,000
	10	3,070,000

e) There were 179 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.

7.0 Shareholder Information cont

Twenty Largest Shareholders as at 05 September 2001

		Number of Shares	%
1.	Hazurn Pty Ltd	25,750,000	25.51
2.	Centaur Nickel Investments Pty Ltd	15,890,310	15.74
3.	Koltai Holdings Pty Ltd	2,675,679	2.65
4.	Buchhorn Ian James	2,447,857	2.42
5.	Buchhorn Pamela Jean	1,519,998	1.51
6.	Killoran NL	1,480,074	1.47
7.	National Nominees Limited	1,217,605	1.21
8.	Dolerite Investments Pty	1,100,000	1.09
9.	Baracus Pty Ltd	1,000,000	0.99
10.	Commonwealth Custodial Pty Ltd	1,000,000	0.99
11.	Bronwen Pty Ltd	800,000	0.79
12.	Kett Peter John	701,300	0.69
13.	Overnight Nominees Pty Ltd	621,985	0.62
14.	GHK Mining Pty Ltd	600,000	0.59
15.	Ufar Pty Ltd	560,000	0.55
16.	Jayleaf Holdings Pty Ltd	550,000	0.54
17.	Hawke Robert Lawrence	506,666	0.50
18.	Goldenstate Holdings Pty Ltd	500,000	0.50
19.	Otway John Percival	500,000	0.50
20.	Yengage Pty Ltd	500,000	0.50
	TOTAL	<u>59,921,474</u>	<u>59.35</u>

Optionholders as at 5 September 2001

Optionholders (Options exercisable on or before 15 December 2001) were:

	Number of Options	% of Issued Options
Whitebeach Pty Ltd	200,000	57.14
Colville Marilyn	150,000	42.86
TOTAL	<u>350,000</u>	<u>100.00</u>

Optionholders (Options exercisable on or before 05 March 2002) were:

	Number of Options	% of Issued Options
Rudd Mara	50,000	100.00
TOTAL	<u>50,000</u>	<u>100.00</u>

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

	Number of Options	% of Issued Options
Buchhorn Ian James	1,000,000	100.00
TOTAL	<u>1,000,000</u>	<u>100.00</u>

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	<u>100,000</u>	<u>100.00</u>

7.0 Shareholder Information cont

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

Summary of Optionholders as at 05 September 2001

	Number of Options	% of Issued Options
1. Buchhorn Ian James	1,000,000	32.57
2. Rudd Alan	550,000	17.92
3. Parkway Superannuation Fund	500,000	16.29
4. Gobbett Simon	345,000	11.24
5. Whitebeach Pty Ltd	200,000	6.51
6. Colville Marilyn	150,000	4.89
7. Geary Peter	150,000	4.89
8. Arancini Sandra	100,000	3.26
9. Rudd Mara	50,000	1.63
10. Geary Susan	25,000	0.81
	3,070,000	100.00

8.0 Interest in Mining Tenements

Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held
HERON RESOURCES LIMITED NICKEL PROVINCES					
KALGOORLIE NICKEL PROVINCE			Goongarrie Nickel Project		Ni(-Au)
Scotia	65km NW of Kalgoorlie	E24/00113	5.60	A	100%
Goongarrie West	73km NW of Kalgoorlie	E24/00116	98.00	A	100%
Goongarrie West	66km NNW of Kalgoorlie	E24/00117	126.00	A	100%
Goongarrie	70km NNW of Kalgoorlie	E24/00119	2.80	A	100%
Goongarrie South	75km NNW of Kalgoorlie	E29/00148	14.00	G	100%
	75km NNW of Kalgoorlie	M29/00283		A	100%
	75km NNW of Kalgoorlie	M29/00303		A	100%
	84km NNW of Kalgoorlie	M29/00304		A	100%
Siberia	70km NW of Kalgoorlie	E29/00356	4.78	G	100%
Menzies South	109km NNW of Kalgoorlie	E29/00433	11.20	G	100%
Goongarrie	88km NNW of Kalgoorlie	E29/00437	19.60	A	100%
Comet Vale	90km NNW of Kalgoorlie	E29/00462	89.60	A	100%
Twin Hills	150km N of Kalgoorlie	E29/00490	42.00	A	100%
Comet Vale	96km NNW of Kalgoorlie	E29/00508	8.40	A	100%
Scotia Dam	65km NNW of Kalgoorlie	M24/00542	7.18	A	100%
Scotia North	75km NNW of Kalgoorlie	M24/00744	0.06	G	100%
Vettersberg	50km NNW of Kalgoorlie	M24/00749	9.37	A	100%
Vettersberg	55km NNW of Kalgoorlie	M24/00750	4.48	A	100%
Scotia East	68km NNW of Kalgoorlie	M24/00798	0.26	G	100%
Scotia	62km NNE of Kalgoorlie	M24/00843	4.71	A	100%
Goongarrie West	87km NNW of Kalgoorlie	M29/00167	1.09	G	100%
Goongarrie West	86km NNW of Kalgoorlie	M29/00202	5.95	G	100%
Menzies East	122km NNW of Kalgoorlie	M29/00231	1.29	A	100%
Goongarrie South	77km NNW of Kalgoorlie	M29/00272	5.94	G	100%
Canegrass	74km NNW of Kalgoorlie	M29/00278	8.14	G	100%
Ghost Rocks	148km NNW of Kalgoorlie	M29/00289	8.96	A	100%
Ghost Rocks	147km NNW of Kalgoorlie	M29/00290	5.97	A	100%
Ghost Rocks	145km NNW of Kalgoorlie	M29/00291	8.96	A	100%
Scotia Dam	65km NNW of Kalgoorlie	P24/02754	1.82	G	100%
Scotia Dam	66km NNW of Kalgoorlie	P24/02755	2.00	G	100%
Scotia Dam	67km NNW of Kalgoorlie	P24/02756	1.28	G	100%
		M24/00541		A	100%
Vettersberg	59km NNW of Kalgoorlie	P24/03695	1.95	A	100%
		M24/00691		A	100%
Vetters North	59km NNW of Kalgoorlie	P24/03734	1.84	A	100%
Camperdown	78km NW of Kalgoorlie	P24/03748	1.62	A	100%
Camperdown	78km NW of Kalgoorlie	P24/03749	1.87	A	100%
Camperdown	78km NW of Kalgoorlie	P24/03750	1.82	A	100%
Goongarrie	73km NW of Kalgoorlie	P24/03763	1.79	A	100%
Menzies East	112km NNW of Kalgoorlie	P29/01413	0.10	G	100%
		M29/00230		A	100%
Menzies East	112km NNW of Kalgoorlie	P29/01500	1.20	G	100%
Menzies East	112km NNW of Kalgoorlie	M29/00274	6.76	A	100%
Goongarrie West	82km NNW of Kalgoorlie	P29/01634	1.84	G	100%
Goongarrie West	82km NNW of Kalgoorlie	P29/01635	1.39	G	100%
		M29/00292		A	100%
Goongarrie	99km NNW of Kalgoorlie	P29/01671	0.39	A	100%
Ghost Rocks	134km NNW of Kalgoorlie	P29/01682	0.75	A	100%
Yunndaga	116km NNW of Kalgoorlie	P29/01734	1.89	A	100%
Yunndaga	116km NNW of Kalgoorlie	P29/01735	1.21	A	100%
44			521.05		
KALGOORLIE NICKEL PROVINCE			Frances Lesley Nickel Project		Ni
Frances Lesley	95km NW of Kalgoorlie	E16/00174	5.60	G	100%
Frances Lesley	100km NW of Kalgoorlie	E16/00192	86.80	A	100%
Frances Lesley	88km NW of Kalgoorlie	E16/00239	36.40	A	100%
Frances Lesley	90km NW of Kalgoorlie	E16/00240	2.80	B	100%
Frances Lesley	98km NW of Kalgoorlie	M16/00385	2.00	A	100%
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%
8			138.51		

8.0 Interest in Mining Tenements cont

Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held	
KALGOORLIE NICKEL PROVINCE		Kalpini Nickel Project				Ni(-Au)
Lake Emu West	68km NE of Kalgoorlie	E27/00188	16.80	A	100%	
Binti Binti South	77km NE of Kalgoorlie	E27/00251	39.20	A	100%	
Emu Lake	72km NE of Kalgoorlie	E27/00260	2.80	A	100%	
Sampson	66km NE of Kalgoorlie	E27/00273	176.40	A	100%	
Grey Dam	66km NE of Kalgoorlie	E28/00991	11.20	G	100%	
Betsy Bore	79km NE of Kalgoorlie	E28/01100	173.60	A	100%	
Mooree Hill	75km NE of Kalgoorlie	E28/01187	28.00	A	100%	
Jubilee	61km NE of Kalgoorlie	E28/01191	64.40	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%	
Boomerang Lake	103km NE of Kalgoorlie	E31/00519	156.80	A	100%	
Mt 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%	
Acra North	67km NE of Kalgoorlie	M27/00349	1.14	A	100%	
Kalpini	60km NE of Kalgoorlie	M27/00350	4.28	A	100%	
Wellington North	68km NE of Kalgoorlie	M27/00361	6.17	A	100%	
Wellington North	70km NE of Kalgoorlie	M27/00362	7.46	A	100%	
Wellington East	69km NE of Kalgoorlie	M27/00364	2.14	A	100%	
Wellington East	70km NE of Kalgoorlie	M27/00365	8.09	A	100%	
Wellington North	68km NE of Kalgoorlie	M27/00395	2.61	A	100%	
Wellington North	72km NE of Kalgoorlie	M27/00402	1.55	A	100%	
Binti Binti South	77km NE of Kalgoorlie	M27/00408	8.90	A	100%	
Binti Binti South	74km NE of Kalgoorlie	M27/00409	5.94	A	100%	
Binti Binti South	74km NE of Kalgoorlie	M27/00410	8.90	A	100%	
Acra Chrysoprase	62km NE of Kalgoorlie	M28/00127	0.32	A	100%	
Wellington East	70km NE of Kalgoorlie	M28/00169	1.48	A	100%	
Acra North	65km NE of Kalgoorlie	M28/00199	9.76	A	100%	
Acra North	62km NE of Kalgoorlie	M28/00200	8.43	A	100%	
Acra North	65km NE of Kalgoorlie	M28/00201	9.63	A	100%	
Acra North	60km NE of Kalgoorlie	M28/00202	9.17	A	100%	
Betsy Bore	66km NE of Kalgoorlie	M28/00205	8.50	A	100%	
Betsy Bore	68km NE of Kalgoorlie	M28/00206	8.88	A	100%	
Wellington East	67km NE of Kalgoorlie	M28/00215	3.30	A	100%	
Barton Dam	59km NE of Kalgoorlie	M28/00259	3.41	A	100%	
Acra	62km NE of Kalgoorlie	M28/00260	9.03	A	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%	
Jubilee	66km NE of Kalgoorlie	P28/00980	1.01	A	100%	
39			1040.93			
KALGOORLIE NICKEL PROVINCE		Widgimooltha Nickel Project				Ni-Au
Pioneer	125km SSE of Kalgoorlie	E15/00573	47.60	G	100%	
Larkinvile	73km SSE of Kalgoorlie	E15/00689	100.80	A	100%	
Pioneer	136km SSE of Kalgoorlie	E63/00753	33.60	A	100%	
Larkinvile	75km SSE of Kalgoorlie	P15/04213	1.22	G	100%	
Larkinvile	75km SSE of Kalgoorlie	P15/04214	1.21	G	100%	
Logans	65km SSE of Kalgoorlie	P15/04464	0.22	A	100%	
Widgiemooltha	86km SSE of Kalgoorlie	P15/04475	0.04	A	100%	
7			184.69			
KALGOORLIE NICKEL PROVINCE		Bulong South Project				Ni-Au
Clinker Hill	32km SE of Kalgoorlie	E25/00250	58.80	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%	
3			61.29			

8.0 Interest in Mining Tenements cont

Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held	
SOUTHERN CROSS NICKEL PROVINCE		Bungalbin Nickel Project				Ni(-Au)
Mount Dimer	112km NNE of Southern Cross	E77/00946	170.80	G	100%	
Timberfield	123km NNE of Southern Cross	E77/00947	89.60	A	100%	
Yeeding Hill South	95km N of Southern Cross	E77/00975	196.00	A	100%	
Yendilberin Hills	104km NNE of Southern Cross	E77/00976	109.20	A	100%	
Helena	98km NNE of Southern Cross	E77/01067	184.80	A	100%	
Mount Dimer	107km NNE of Southern Cross	E77/01068	8.40	A	100%	
Yeeding Hill	108km N of Southern Cross	E77/01071	22.40	A	100%	
Bungalbin Hill	97km NNE of Southern Cross	E77/01076	123.20	A	100%	
Bungalbin Hill	109km NNE of Southern Cross	E77/01077	28.00	A	100%	
Bungalbin Hill	96km NNE of Southern Cross	E77/01082	50.40	A	100%	
10			982.80			
SOUTHERN CROSS NICKEL PROVINCE		Bungalbin Iron Ore Project				Fe
Bungalbin	102km NNE of Southern Cross	E77/00842	112.58	G	100%	¹
Mount Jackson	106km NNE of Southern Cross	E77/00896	36.40	G	100%	¹
Mount Jackson	105km NNE of Southern Cross	E77/00919	53.20	G	100%	¹
3			202.18			
¹ Portman Limited right to acquire Iron Ore rights through spending \$0.25m, and providing Heron with an Iron Ore Production Royalty. Heron retain all other minerals.						
SOUTHERN CROSS NICKEL PROVINCE		Mount Elvire Project				Ni-Au
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	196km NNE of Southern Cross	E30/00268	128.80	A	100%	
3			238.00			
SOUTHERN CROSS NICKEL PROVINCE		Maggie Hays Hill Project				Ni-Au
Maggie Hays Hill	140km SE of Southern Cross	E63/00625	81.20	A	100%	
1			81.20			
KEITH KILKENNY-LAVERTON NICKEL PROVINCE		Edjudina Nickel Project				Ni(-Au)
Mount Catherine South	145km NNE of Kalgoorlie	E31/00279	14.00	G	100%	
Mount Remarkable	155km NNE of Kalgoorlie	E31/00346	2.80	B	100%	
Claypan Dam	158km NNE of Kalgoorlie	E31/00347	2.80	B	100%	
Yerilla Creek Dam	155km NNE of Kalgoorlie	E31/00348	11.20	B	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%	
Duck Hill South	1151km NE of Kalgoorlie	E31/00415	81.20	B	100%	
Claypan Well	141km NNE of Kalgoorlie	E31/00446	8.40	A	100%	
McAuliffe Well	150km NNE of Kalgoorlie	E31/00518	50.40	B	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%	
Yerilla	142km NNE of Kalgoorlie	E31/00584	47.60	A	100%	
Wallbrook Hill	118km NE of Kalgoorlie	E31/00586	86.80	A	100%	
Kilmore Hill	177km NNE of Kalgoorlie	E39/00694	14.00	G	100%	
Kilmore Hill	170km NNE of Kalgoorlie	E39/00695	2.80	G	100%	
Lake Raeside	165km NNE of Kalgoorlie	E39/00700	32.88	B	100%	
Lake Raeside	166km NNE of Kalgoorlie	E39/00725	16.80	B	100%	
Aubils	166km NNE of Kalgoorlie	M39/00658	1.48	A	100%	
Aubils	166km NNE of Kalgoorlie	M39/00659	1.48	A	100%	
Lake Raeside	171km NNE of Kalgoorlie	E39/00726	8.40	B	100%	
Murphy Well	177km NNE of Kalgoorlie	E39/00831	33.60	B	100%	
Mount Percy	163km NNE of Kalgoorlie	E39/00883	196.00	A	100%	
Yerilla	145km NNE of Kalgoorlie	M31/00105	2.40	G	100%	
Yerilla	148km NNE of Kalgoorlie	M31/00110	7.20	G	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%	
Aubils	170km NNE of Kalgoorlie	M39/00656	1.48	A	100%	
Aubils	168km NNE of Kalgoorlie	M39/00657	4.44	A	100%	
Aubils	170km NNE of Kalgoorlie	M39/00660	1.48	A	100%	
Aubils	169km NNE of Kalgoorlie	M39/00662	2.96	A	100%	
Aubils	170km NNE of Kalgoorlie	M39/00805	5.98	A	100%	
Aubils	170km NNE of Kalgoorlie	M39/00806	5.98	A	100%	
Aubils	166km NNE of Kalgoorlie	M39/00807	8.97	A	100%	
35			705.93			

8.0 Interest in Mining Tenements cont

Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held		
KEITH KILKENNY-LAVERTON NICKEL PROVINCE						Mulgabbie Nickel Project	Ni(-Au)
Lake Rebecca	114km NE of Kalgoorlie	M31/00080	2.02	G	100%		
Lake Rebecca	114km NE of Kalgoorlie	M31/00081	1.21	G	100%		
		M31/00312		A	100%		
			2			3.23	
KEITH KILKENNY-LAVERTON NICKEL PROVINCE						Laverton Nickel Project	Ni
Mineral Patch Hill	75km SE of Laverton	E38/00931	196.00	G	100% ²		
Merolia	50km SE of Laverton	E38/01179	196.00	G	100% ²		
Jasper Hill	168km SE of Laverton	E39/00880	30.80	G	100% ²		
Jasper Hills	120km SE of Laverton	E39/00907	25.20	A	100% ²		
			4			448.00	

² MPI Gold Pty Ltd own the Gold rights.

AVOCA RESOURCES LIMITED PRECIOUS METAL PROVINCES

JIMBERLANA PLATINUM PROVINCE						Cowan Project	PGE-Ni-Cu
Bronzite Ridge	40km W of Norseman	E63/00797	196.00	A	100%		
Norseman Highway	9km NW of Norseman	P63/01137	1.19	A	100%		
Norseman Highway	9km NW of Norseman	P63/01138	1.43	G	100%		
Norseman Highway	8km NW of Norseman	P63/01139	1.21	A	100%		
Norseman Highway	7km NW of Norseman	P63/01140	1.21	A	100%		
Norseman Highway	9km NW of Norseman	P63/01141	1.96	A	100%		
Norseman Highway	10km NW of Norseman	P63/01142	1.21	A	100%		
Norseman Highway	9km NW of Norseman	P63/01143	1.24	A	100%		
Norseman Highway	8km W of Norseman	P63/01144	1.51	A	100%		
Norseman Highway	8km W of Norseman	P63/01145	1.77	A	100%		
			10			208.74	

JIMBERLANA PLATINUM PROVINCE						Dundas Hills Project	PGE-Ni-Cu
Norseman	5km N of Norseman	P63/01160	1.17	A	100%		
Norseman	5km N of Norseman	P63/01161	1.22	A	100%		
Jimberlana	8km NNE of Norseman	P63/01162	1.87	A	100%		
Jimberlana	8km NNE of Norseman	P63/01163	1.92	A	100%		
			4			6.18	

JIMBERLANA PLATINUM PROVINCE						Mount Norcott Project	PGE-Ni-Cu
Heartbreak	39km NE of Norseman	E63/00709	196.00	A	100%		
Heartbreak	52km NE of Norseman	E63/00712	196.00	A	100%		
Mount Norcott	21km ENE of Norseman	E63/00798	126.00	A	100%		
			3			518.00	

JIMBERLANA PLATINUM PROVINCE						Ten Mile Rock Project	PGE-Ni-Cu
Fraser Range West	75km NE of Norseman	E63/00631	36.40	G	100%		
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%		
Heartbreak	81km NE of Norseman	E63/00713	103.60	A	100%		
Woodline Hills	77km NE of Norseman	E63/00795	162.40	A	100%		
			6			786.80	

JIMBERLANA PLATINUM PROVINCE						Fraser Range Project	PGE-Ni-Cu
Fraser Range	163km NE of Norseman	E28/01162	196.00	A	100%		
Fraser Range	177km NE of Norseman	E28/01163	196.00	A	100%		
Fraser Range	164km NE of Norseman	E28/01164	196.00	A	100%		
Fraser Range	154km NE of Norseman	E28/01165	196.00	A	100%		
			4			784.00	

8.0 Interest in Mining Tenements cont

Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held
ILLAARA PROVINCE					
		Perrinvale Joint Venture Project			VMS-Au-Ni
Ranford Peak	231km NW of Kalgoorlie	E29/00434	98.00	G	100% ³
Mount Marmion	208km NW of Kalgoorlie	E29/00435	95.20	G	100% ³
Metzkes Find	208km NW of Kalgoorlie	E29/00455	156.80	A	100% ³
Lawrence Find	160km NW of Kalgoorlie	E30/00203	208.52	A	100% ³
Lawrence Find North	188km NW of Kalgoorlie	E30/00226	196.00	G	100% ³
Lawrence Find	176km NW of Kalgoorlie	E30/00228	64.40	G	100% ³
Illaara	196km NW of Kalgoorlie	E30/00254	126.00	A	100% ³
			944.92		
³ Mount Burgess Mining NL right to earn 70% through spending \$0.5m. Heron retains Nickel and Sulphur rights.					
ZULEIKA SHEAR ZONE PROVINCE					
		Snake Hill Joint Venture Project:			Au(-Ni)
Snake Hill North	174km NW of Kalgoorlie	E29/00290	5.60	G	100% ⁴
		M29/00310		A	100% ⁴
Snake Hill	168km NW of Kalgoorlie	E30/00166	8.40	G	100% ⁴
			14.00		
⁴ Barra Resources Limited right to earn 70% through spending \$0.3m.					
ZULEIKA SHEAR ZONE PROVINCE					
		Blister Dam Joint Venture Project			Au-Ni
Dunnsville	61km NW of Kalgoorlie	E16/00181	2.80	G	100% ⁵
Dunnsville	62km NW of Kalgoorlie	E16/00182	14.00	A	100% ⁵
Carbine	66km NW of Kalgoorlie	E16/00195	44.80	G	100% ⁵
Carbine	63km NW of Kalgoorlie	E16/00254	0.02	A	100% ⁵
Chadwin	77km NW of Kalgoorlie	E16/00264	5.60	A	100% ⁵
Lake Carnage	70km NW of Kalgoorlie	E24/00115	42.00	A	100% ⁵
Blister Dam	73km NW of Kalgoorlie	M16/00435	6.84	A	100% ⁵
Blister Dam	76km NW of Kalgoorlie	M24/00842	3.87	A	100% ⁵
			119.93		
⁵ Place Dome Asia Pacific right to earn 70% through spending \$1.2m. Heron retains Nickel rights.					
ZULEIKA SHEAR ZONE PROVINCE					
		Powder Sill Project			PGE-Ni-Cu-Au
Mungari Northwest	27km W of Kalgoorlie	E15/00411	2.08	A	100%
Mungari Northwest	33km NW of Kalgoorlie	E16/00121	25.20	G	100%
Mungari West	30km NW of Kalgoorlie	E16/00146	5.60	G	100%
		M16/00446		A	100%
Mungari Northwest	44km NW of Kalgoorlie	M16/00377	2.00	A	100%
Mungari Northwest	42km NW of Kalgoorlie	M16/00378	2.74	A	100%
Mungari Northwest	37km NW of Kalgoorlie	M16/00379	7.30	A	100%
Mungari Northwest	44km NW of Kalgoorlie	M16/00414	2.00	A	100%
			46.92		
ZULEIKA SHEAR ZONE PROVINCE					
		Mungari Gold Project			Au
Mungari	20km WNW of Kalgoorlie	E15/00726	19.60	A	100%
Mungari	19km WNW of Kalgoorlie	M15/01350	1.55	A	100%
Dryden's Find	26km WNW of Kalgoorlie	P15/04416	0.33	A	100%
Dryden's Find	27km WNW of Kalgoorlie	P15/04417	1.88	A	100%
Dryden's Find	26km WNW of Kalgoorlie	P15/04418	2.00	A	100%
Dryden's Find	25km WNW of Kalgoorlie	P15/04419	1.86	A	100%
Dryden's Find	27km WNW of Kalgoorlie	P15/04420	1.87	A	100%
Dryden's Find	27km WNW of Kalgoorlie	P15/04421	1.86	A	100%
Dryden's Find	28km WNW of Kalgoorlie	P15/04422	1.14	A	100%
Dryden's Find	26km WNW of Kalgoorlie	P15/04425	1.87	A	100%
Mungari	20km WNW of Kalgoorlie	P15/04472	1.12	A	100%
			35.08		

8.0 Interest in Mining Tenements cont

Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held	
ZULEIKA SHEAR ZONE PROVINCE		Binduli East Joint Venture Project				Au
Mount Hunt	16km S of Kalgoorlie	E26/00081	14.00	A	100% ⁶	
Binduli East	8km SSW of Kalgoorlie	P26/02791	1.98	G	100% ⁶	
Binduli East	8km SSW of Kalgoorlie	P26/02792	1.82	G	100% ⁶	
Binduli East	11km SSW of Kalgoorlie	P26/02794	1.60	G	100% ⁶	
Binduli East	9km SSW of Kalgoorlie	P26/02800	1.68	G	100% ⁶	
		M26/00751		A	100% ⁶	
Binduli East	10km SSW of Kalgoorlie	P26/02801	1.50	G	100% ⁶	
Binduli East	10km S of Kalgoorlie	P26/02802	1.73	G	100% ⁶	
		M26/00762		A	100% ⁶	
Binduli East	7km SW of Kalgoorlie	P26/02803	1.96	G	100% ⁶	
		M26/00750		A	100% ⁶	
Binduli East	8km SW of Kalgoorlie	P26/02814	0.71	G	100% ⁶	
Binduli East	9km SW of Kalgoorlie	P26/02815	1.96	G	100% ⁶	
		M26/00763		A	100% ⁶	
Binduli East	11km SSW of Kalgoorlie	P26/02904	1.84	G	100% ⁶	
Binduli East	10km SSW of Kalgoorlie	P26/02905	2.00	G	100% ⁶	
Binduli East	20km S of Kalgoorlie	P26/02972	1.96	G	100% ⁶	

13 34.74

⁶ AngloGold Australasia Limited right to earn 75% through spending \$0.5m.
Heron retains Nickel rights.

AVOCA SHEAR PROVINCE		Gindalbie Terrian Joint Venture Project				Au-Ni
Mulgarie North	50km N of Kalgoorlie	E24/00097	28.00	G	100% ⁷	
Gindalbie	48km N of Kalgoorlie	E27/00145	47.60	G	100% ⁷	
Scotia East	62km N of Kalgoorlie	E27/00169	108.40	G	100% ⁷	
Scotia East	60km N of Kalgoorlie	M24/00799	9.53	A	100% ⁷	
Scotia East	55km N of Kalgoorlie	M24/00800	6.41	A	100% ⁷	

5 199.94

⁷ Delta Gold NL right to earn 70% in respect of gold through spending \$1.0m.
Heron retains Nickel rights.

AVOCA SHEAR PROVINCE		Gidgi Project				Au-Ni
Gidji Roaster	14km N of Kalgoorlie	E24/00111	64.40	A	100%	
Five Mill Hill	6km NNE of Kalgoorlie	M26/00736	7.04	A	100%	
Kanowna	15km NW of Kalgoorlie	M27/00392	7.70	A	100%	
Kanowna	17km NW of Kalgoorlie	M27/00393	8.02	A	100%	
Kanowna	16km NW of Kalgoorlie	M27/00394	8.02	A	100%	
Kurramia	8km NE of Kalgoorlie	P26/02898	1.60	G	100%	
Kurramia South	10km NE of Kalgoorlie	P26/02977	0.89	G	100%	

7 97.67

AVOCA SHEAR PROVINCE		Roe Hills Joint Venture Project				Au-Ni
Kurnalpi East	85km NE of Kalgoorlie	E28/00886	53.20	G	100% ⁸	
Tap Rock Hill	88km NE of Kalgoorlie	E28/00927	190.40	A	100% ⁸	
Kurnalpi Hill	88km NE of Kalgoorlie	E28/01012	53.20	G	100% ⁸	
Jumungie Hill	82km NE of Kalgoorlie	E28/01013	8.40	B	100% ⁸	
Kurnalpi Hill	88km NE of Kalgoorlie	E28/01108	92.40	A	100% ⁸	
Hampton	90km NE of Kalgoorlie	E28/01166	5.60	A	100% ⁸	

6 403.20

⁸ Delta Gold NL right to earn 80% in respect of gold through spending \$1.0m.
Heron retains Nickel rights.

8.0 Interest in Mining Tenements cont

Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held	
AVOCA SHEAR PROVINCE		Transline Joint Venture Project				Au-Ni
Gundocketa Hill	65km ESE of Kalgoorlie	E25/00114	16.80	G	100% ⁹	
		M25/00267		A	100% ⁹	
Gundocketa Hill	62km ESE of Kalgoorlie	E25/00167	2.80	G	100% ⁹	
Gundocketa Hill	66km ESE of Kalgoorlie	E25/00168	2.80	G	100% ⁹	
Trans Find North	54km E of Kalgoorlie	E25/00179	89.60	G	100% ⁹	
Trans Find	51km ESE of Kalgoorlie	E25/00184	53.20	G	100% ⁹	
Gundocketa Hill West	49km E of Kalgoorlie	E25/00186	8.40	G	100% ⁹	
Seabrook Hills	67km SE of Kalgoorlie	E25/00189	2.80	G	100% ⁹	
Seabrook Hills	67km SE of Kalgoorlie	E25/00191	14.00	B	100% ⁹	
Trans Find	58km ESE of Kalgoorlie	E25/00195	42.00	G	100% ⁹	
Hawke Hill	68km ESE of Kalgoorlie	E25/00204	8.40	G	100% ⁹	
Pipeclay Peaks	68km ESE of Kalgoorlie	E25/00216	120.40	A	100% ⁹	
Kim's Dam	84km E of Kalgoorlie	E28/01003	56.00	G	100% ⁹	
Gundocketa Hill	66km ENE of Kalgoorlie	E28/01116	140.00	A	100% ⁹	
Randalls	66km SE of Kalgoorlie	P25/01580	1.00	A	100% ⁹	
14			558.20			
⁹ Harmony Gold Limited right to earn 80% through spending \$0.8m.						
AVOCA SHEAR PROVINCE		Avoca Project				Au-Ni
Transline	73km ESE of Kalgoorlie	E25/00234	53.20	B	100%	
Pipeclay Peaks	66km ESE of Kalgoorlie	E25/00241	11.20	A	100%	
Lake Sloan	96km SE of Kalgoorlie	E25/00248	196.00	A	100%	
Trans East	72km ESE of Kalgoorlie	E28/01079	44.80	A	100%	
Hampton	71km E of Kalgoorlie	E28/01117	33.60	A	100%	
Hampton	72km ENE of Kalgoorlie	E28/01118	5.60	A	100%	
Sawmill Dam	77km ESE of Kalgoorlie	E28/01129	19.60	B	100%	
Transline	73km ESE of Kalgoorlie	E28/01136	14.00	B	100%	
Transline	73km ESE of Kalgoorlie	E28/01137	33.60	B	100%	
Round Hill	106km SE of Kalgoorlie	E28/01148	196.00	A	100%	
Pineapple Dam	66km E of Kalgoorlie	E28/01188	11.20	A	100%	
Lake Yindarlgooda	59km ENE of Kalgoorlie	E28/01192	8.40	A	100%	
Avoca Downs	83km ESE of Kalgoorlie	E28/01199	165.20	A	100%	
Adelaide Dams	78km E of Kalgoorlie	E28/01207	25.20	A	100%	
14			817.60			
KEITH KILKENNY PROVINCE		Yandal Project				Au
Wiluna South	30km SE of Wiluna	E53/1010	128.80	A	100%	
1			128.80			
KEITH KILKENNY PROVINCE		Victory Joint Venture Project				Au-Ni
Doyle Well	59km NW of Leonora	E37/00406	16.80	G	100% ¹⁰	
		M37/01088		A	100% ¹⁰	
Victory Gold Mine	50km NW of Leonora	M37/00931	0.18	A	100% ¹⁰	
Victory	53km NW of Leonora	P37/05830	1.95	G	100% ¹⁰	
Victory	52km NW of Leonora	P37/05831	1.96	G	100% ¹⁰	
Victory	51km NW of Leonora	P37/05832	1.87	G	100% ¹⁰	
Victory	50km NW of Leonora	P37/05833	1.00	G	100% ¹⁰	
6			23.76			
¹⁰ WMC Resources Limited right to earn 80% through spending \$0.125m.						
KEITH KILKENNY PROVINCE		Wildara North Project				Au-Ni
Mount McClure	135km NNW of Leonora	E36/00387	16.80	A	100%	
Mount McClure	128km NNW of Leonora	E36/00388	5.60	G	100%	
Try Again Bore	123km NNW of Leonora	E36/00432	19.60	A	100%	
Table Hill	102km NNW of Leonora	E36/00458	5.60	A	100%	
Table Hill East	97km NW of Leonora	E36/00459	8.40	A	100%	
5			56.00			
KEITH KILKENNY PROVINCE		Kookynie Joint Venture Project				Au-Ni
Glenorn Station South	59km SW of Leonora	E31/00410	67.20	G	100% ¹¹	
Friday Well	47km SW of Leonora	E31/00484	16.80	G	100% ¹¹	
Mount Melita East	38km SW of Leonora	E40/00127	2.80	G	100% ¹¹	
3			86.80			
¹¹ Newcrest Operations Limited right to earn 75% in respect of Gold through spending \$0.8m. Heron retains Nickel rights.						

8.0 Interest in Mining Tenements cont

Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held		
KEITH KILKENNY PROVINCE		Kookynie Project				Au-Ni	
Desdemona North	21km SSE of Leonora	E40/00122	2.80	A	100%		
Morapoi	57km S of Leonora	E40/00132	5.97	A	100%		
Tampa	30km SSE of Leonora	E40/00140	8.98	A	100%		
Tampa	33km SSE of Leonora	E40/00141	2.99	A	100%		
Tampa	35km SSE of Leonora	E40/00142	14.00	G	100%		
Mt Melita	30km SE of Leonora	E40/00186	58.80	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%		
Eulaminna	46km ESE of Leonora	P39/04127	1.20	A	100%		
Eulaminna	47km ESE of Leonora	P39/04128	1.20	A	100%		
Eulaminna	47km ESE of Leonora	P39/04129	1.20	A	100%		
Eulaminna	46km ESE of Leonora	P39/04130	1.20	A	100%		
Eulaminna	46km ESE of Leonora	P39/04131	1.28	A	100%		
16			121.54				

KEITH KILKENNY PROVINCE		Edjudina Laverton Joint Venture Project				Au-Ni	
Yarri South	133km NW of Kalgoorlie	E31/00235	5.60	G	100%	¹²	
Yarri East	139km NW of Kalgoorlie	E31/00312	68.41	A	100%	¹²	
Seddon Bore	136km NW of Kalgoorlie	E31/00354	16.80	B	100%	¹²	
Webb Find West	134km NW of Kalgoorlie	E31/00374	14.00	G	100%	¹²	
Boyce Creek South	139km NW of Kalgoorlie	E31/00377	28.00	G	100%	¹²	
Duck Hill West	154km NW of Kalgoorlie	E31/00430	84.00	G	100%	¹²	
Lake Rebecca	116km NW of Kalgoorlie	E31/00465	2.80	G	100%	¹²	
Lake Rebecca	118km NW of Kalgoorlie	E31/00479	11.20	B	100%	¹²	
Mount Boyce	134km NW of Kalgoorlie	E31/00524	176.40	A	100%	¹²	
Camel Hump	49km N of Laverton	E38/00945	9.06	G	100%	¹²	
Mount Varden West	55km N of Laverton	E38/01152	117.60	G	100%	¹²	
Mount Varden West	55km N of Laverton	E38/01153	19.60	G	100%	¹²	
Yabboo Hill East	155km NW of Kalgoorlie	E39/00795	8.40	G	100%	¹²	
13			561.87				

¹² Croesus Mining NL right to earn 80% in respect of gold through spending \$1.0m.
Heron retains Nickel rights.

KEITH KILKENNY PROVINCE		Sth Laverton Tectonic Zone JV Project				Au-Ni	
Pinjin South	155km NW of Kalgoorlie	E28/00891	11.20	G	100%	¹³	
Patricia West	146km NW of Kalgoorlie	E31/00244	16.80	A	100%	¹³	
Pinjin	139km NW of Kalgoorlie	E31/00263	2.80	G	100%	¹³	
		M31/00280		A	100%	¹³	
		M31/00313		A	100%	¹³	
Stophanis East	150km NW of Kalgoorlie	E31/00265	2.80	G	100%	¹³	
Yarri North East	150km NW of Kalgoorlie	E31/00313	2.80	G	100%	¹³	
Yarri North East	152km NW of Kalgoorlie	E31/00315	2.80	G	100%	¹³	
Edjudina East	144km NW of Kalgoorlie	E31/00317	38.65	G	100%	¹³	
Stophanis East	151km NW of Kalgoorlie	E31/00343	2.97	G	100%	¹³	
Broken Hill Bore	150km NW of Kalgoorlie	E31/00352	2.86	A	100%	¹³	
Clymies Well	147km NW of Kalgoorlie	E31/00353	37.46	A	100%	¹³	
Hobble Gap	155km NW of Kalgoorlie	E31/00434	44.80	G	100%	¹³	
Patricia South	150km NW of Kalgoorlie	E31/00489	16.80	G	100%	¹³	
Deep Well South	168km NW of Kalgoorlie	E39/00661	2.80	G	100%	¹³	
Deep Well North	174km NW of Kalgoorlie	E39/00662	2.98	A	100%	¹³	
Deep Well	173km NW of Kalgoorlie	E39/00663	2.98	A	100%	¹³	
Gardners Find	170km NW of Kalgoorlie	E39/00721	47.60	G	100%	¹³	
Mount Hornet	177km NW of Kalgoorlie	E39/00729	33.60	G	100%	¹³	
Gardners Find	174km NW of Kalgoorlie	E39/00734	5.60	A	100%	¹³	
Crab Hill	135km NW of Kalgoorlie	P28/00923	1.38	G	100%	¹³	
Crab Hill	135km NW of Kalgoorlie	P28/00924	1.71	G	100%	¹³	
Crab Hill	135km NW of Kalgoorlie	P28/00925	1.95	G	100%	¹³	
Crab Hill	135km NW of Kalgoorlie	P28/00926	1.64	G	100%	¹³	
Crab Hill	135km NW of Kalgoorlie	P28/00927	1.14	G	100%	¹³	
		M28/00261		A	100%	¹³	

8.0 Interest in Mining Tenements cont

Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held	
KEITH KILKENNY PROVINCE		Sth Laverton Tectonic Zone		JV Project cont		Au-Ni
Stophanis South	143km NW of Kalgoorlie	P31/01546	1.61	G	100%	¹³
Stophanis South	143km NW of Kalgoorlie	P31/01547	1.20	G	100%	¹³
Edjudina	150km NW of Kalgoorlie	P31/01569	1.79	A	100%	¹³
Edjudina	150km NW of Kalgoorlie	P31/01570	2.00	A	100%	¹³
Edjudina	150km NW of Kalgoorlie	P31/01571	1.83	A	100%	¹³
Edjudina	150km NW of Kalgoorlie	P31/01572	1.86	A	100%	¹³
Edjudina	150km NW of Kalgoorlie	P31/01573	0.76	A	100%	¹³
Edjudina	150km NW of Kalgoorlie	P31/01574	1.87	A	100%	¹³
Edjudina	150km NW of Kalgoorlie	P31/01575	1.72	A	100%	¹³
Gardners Find	171km NW of Kalgoorlie	P39/03691	2.00	G	100%	¹³
		M39/00812		A	100%	¹³
34			304.76			
¹³ Gutnick Resources NL right to earn 80% in respect of gold through spending \$1.2m. Heron retains Nickel rights.						
KEITH KILKENNY PROVINCE		Karonie South Joint venture Project				Au-Ni
Karonie South	161km SW of Kalgoorlie	E28/00631	196.00	G	100%	¹⁴
Karonie South	152km SW of Kalgoorlie	E28/00665	67.20	G	100%	¹⁴
		M28/00248		A	100%	¹⁴
		M28/00249		A	100%	¹⁴
		M28/00250		A	100%	¹⁴
		M28/00251		A	100%	¹⁴
Karonie South	132km SW of Kalgoorlie	E28/00860	8.78	G	100%	¹⁴
Karonie South	146km SW of Kalgoorlie	E28/00861	58.54	G	100%	¹⁴
Karonie South	135km SW of Kalgoorlie	E28/00862	33.60	G	100%	¹⁴
Karonie South	148km SW of Kalgoorlie	E28/00929	95.20	G	100%	¹⁴
Buningonia	155km SW of Kalgoorlie	E28/01014	42.00	G	100%	¹⁴
Fraser	168km SW of Kalgoorlie	E63/00691	151.20	A	100%	¹⁴
8			652.52			
¹⁴ WMC Resources Limited right to earn 80% through spending \$0.3m.						
CELIA-LAVERTON TECTONIC ZONE PROVINCE		Erlistoun Project				Au-Ni
Corktree Well South	29km N of Laverton	E38/00947	5.60	B	100%	
Corktree Well West	36km N of Laverton	E38/00948	30.80	B	100%	
Bandya Hill	107km NNW of Laverton	E38/01270	36.40	A	100%	
Mulga Queen	125km NNW of Laverton	E38/01329	2.80	A	100%	
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%	
Hackwell	90km N of Laverton	E38/01404	22.40	A	100%	
Ingi-Jingi Hill	119km NNW of Laverton	E38/01418	22.40	A	100%	
Perseverance Well	53km WNW of Laverton	E39/00738	36.40	G	100%	
Euro	10km S of Laverton	M38/00404	2.88	G	100%	
Euro	10km S of Laverton	M38/00405	1.77	G	100%	
12			211.85			
CELIA-LAVERTON TECTONIC ZONE PROVINCE		Mount Zephyr Project				Au-Ni
Mount Zephyr	79km NE of Leonora	E39/00538	50.40	G	100%	
Mount Zephyr	71km NE of Leonora	E39/00927	25.20	A	100%	
Mount Zephyr	71km NE of Leonora	E39/00928	19.60	A	100%	
Mount Zephyr	72km NE of Leonora	E39/00940	58.80	A	100%	
4			154.00			
CELIA-LAVERTON TECTONIC ZONE PROVINCE		Laverton Joint Venture Project				Au-Ni
Hawkes Nest	14km WSW of Laverton	E38/00831	16.80	G	100%	¹⁵
Hawkes Nest South	20km WSW of Laverton	E38/00832	14.00	G	100%	¹⁵
2			30.80			
¹⁵ Metex Resources Limited right to earn 70% through spending \$0.5m.						

8.0 Interest in Mining Tenements cont

Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held	
CELIA-LAVERTON TECTONIC ZONE PROVINCE		Mount Morgans Joint Venture Project			Au-Ni	
Mount Morgans Northwest	40km WSW of Laverton	P39/03454	1.56	G	20%	¹⁶
		M39/00754		A	20%	¹⁶
Mount Morgans Northwest	39km WSW of Laverton	P39/03455	1.95	G	20%	¹⁶
Mount Morgans Northwest	39km WSW of Laverton	P39/03456	1.95	G	20%	¹⁶
Mount Morgans Northwest	39km WSW of Laverton	P39/03457	1.86	G	20%	¹⁶
		M39/00755		A	20%	¹⁶
Mount Morgans West	44km WSW of Laverton	P39/03466	1.71	G	20%	¹⁶
Mount Morgans West	45km WSW of Laverton	P39/03467	1.71	G	20%	¹⁶
Mount Morgans West	46km WSW of Laverton	P39/03468	1.71	G	20%	¹⁶
Mount Morgans West	46km WSW of Laverton	P39/03469	1.71	G	20%	¹⁶
		M39/00753		A	20%	¹⁶

8 14.15

¹⁶ Metex Resources Limited have earned 70% through spending \$0.5m.
Heron free carry to mining at 20%.

BALLADONIA ENERGY NL OIL SHALE PROVINCES

BREMER_EUCLA PALAEO DRAINAGE PROVINCE		Balladonia Oil Shale Project			Oil-Sulphur	
The Yates	146km S of Norseman	E63/00731	196.00	A	100%	
Mount Beaumont	154km SSE of Norseman	E63/00732	196.00	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%	
Curnadinia 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%	
Balladonia Central	164km ESE of Norseman	E69/01483	39.20	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%	
Florabell 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%	

21 3648.40

BREMER_EUCLA PALAEO DRAINAGE PROVINCE		Ravensthorpe-Norseman Oil Shale Project			Oil-Sulphur	
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%	
Flower	161km SW of Norseman	E74/00279	193.20	A	100%	
Lake Three Star	147km SW of Norseman	E74/00280	193.20	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%	
Lake Kirk	8km SSW of Norseman	P63/01114	1.69	G	100%	
Lake Kirk	9km SSW of Norseman	P63/01115	1.86	G	100%	
Lake Kirk	6km SSW of Norseman	P63/01116	1.95	G	100%	
Lake Cowan	5km SSW of Norseman	P63/01119	1.06	G	100%	
Lake Cowan	4km SSW of Norseman	P63/01122	1.77	G	100%	
Lake Cowan	7km SSW of Norseman	P63/01123	1.80	G	100%	
Lake Cowan	5km SSW of Norseman	P63/01124	0.49	G	100%	

19 1597.36

8.0 Interest in Mining Tenements cont

Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held	
HERON RESOURCES LIMITED NICKEL AND PRECIOUS METAL PROVINCES						
ILLAARA PROVINCE		Lawrence Find Project				Ni-Au
Meninga Soak	157km NW of Kalgoorlie	E30/00262	81.20	A	100%	
1			81.20			
IDA FAULT PROVINCE		Ida Fault Project				Ni-Au
Mulline	133km NW of Kalgoorlie	E30/00158	39.20	B	100%	
Mulline	139km NW of Kalgoorlie	E30/00159	28.00	B	100%	
Morleys	144km NW of Kalgoorlie	E30/00247	61.60	B	100%	
3			128.80			
IDA FAULT PROVINCE		Bullabulling Project				Ni-Au
Bullabulling	71km SW of Kalgoorlie	E15/00679	114.80	A	100%	
Bullabulling	74km WNW of Kalgoorlie	E16/00172	11.80	A	100%	
Jaurdie Hills	66km WNW of Kalgoorlie	E16/00265	50.40	A	100%	
Jaurdie Hills	70km WNW of Kalgoorlie	E16/00269	100.80	A	100%	
Londonderry	55km SW of Kalgoorlie	P15/04435	1.62	A	100%	
Londonderry	55km SW of Kalgoorlie	P15/04436	1.90	A	100%	
Londonderry	57km SW of Kalgoorlie	P15/04437	1.87	A	100%	
Londonderry	56km SW of Kalgoorlie	P15/04438	1.92	A	100%	
Londonderry	56km SW of Kalgoorlie	P15/04439	2.00	A	100%	
Londonderry	56km SW of Kalgoorlie	P15/04440	0.27	A	100%	
10			287.39			
KAMBALDA DOMAIN PROVINCE		Mount Martin Project				Ni-Au
Cutters Luck	32km SSE of Kalgoorlie	E26/00080	53.20	A	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			
EMU FAULT PROVINCE		Garibaldi Project				Ni-Au
Yindarlgooda	46km E of Kalgoorlie	E25/00222	58.80	A	100%	
Lake Yindarlgooda	52km ENE of Kalgoorlie	E25/00251	8.40	A	100%	
Qeen Lapage	50km ENE of Kalgoorlie	E25/00254	28.00	A	100%	
Qeen Lapage	50km ENE of Kalgoorlie	E25/00256	28.00	A	100%	
Mt Mcleay	50km NE of Kalgoorlie	E27/00243	16.80	B	100%	
Mayday North	53km NE of Kalgoorlie	E27/00264	14.00	A	100%	
Lindsays Find	51km NNE of Kalgoorlie	M27/00305	1.20	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%	
Mount Magnetic	37km ESE of Kalgoorlie	P25/01720	1.20	A	100%	
Mount Magnetic	37km ESE of Kalgoorlie	P25/01721	1.20	A	100%	
Mount Magnetic	37km ESE of Kalgoorlie	P25/01722	1.04	A	100%	
Lindsays Find	50km NNE of Kalgoorlie	P27/01474	0.08	G	100%	
Garibaldi	48km NE of Kalgoorlie	P27/01491	1.34	G	100%	
18			147.61			

8.0 Interest in Mining Tenements cont

Prospect	Geographic Location	Tenement Identifier	Area km ²	Status	Interest Held	
KEITH KILKENNY PROVINCE		Yarri Project				Au
Mulgabbie	112km NE of Kalgoorlie	E28/00823	8.40	B	100%	
Mulgabbie West	99km NE of Kalgoorlie	E28/00976	8.40	B	100%	
Rebecca East	134km ENE of Kalgoorlie	E28/01082	5.60	B	100%	
Crab Hill	137km ENE of Kalgoorlie	E28/01138	5.60	A	100%	
Oak Bore	144km NE of Kalgoorlie	E31/00233	2.80	G	100%	
Oak Bore South	144km NE of Kalgoorlie	E31/00234	2.80	G	100%	
Yilgangi East	130km NE of Kalgoorlie	E31/00236	1.60	G	100%	
Yilgangi	130km NE of Kalgoorlie	E31/00494	81.20	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%	
Mt 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	440.00	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%	
18			577.09			

TOTAL 476

19,056.00

A = Application

G = Granted

B = Exploration Licence Application in Ballot

Glossary of Terms

"Alteration" means rock-forming minerals which have been chemically changed.

"Ankerite" means Carbonate of Calcium, Iron, Magnesium and Manganese.

"Anomaly" means a value higher or lower than expected, which outlines a zone of potential exploration interest but not necessarily of commercial significance.

"Antigorite" means a platy green Magnesium Silicate of the serpentine group, derived from the weathering of olivine. At Goongarrie, antigorite is diagnostic in the lowermost ore profile.

"Au" means gold.

"Autoclave" means a reaction vessel in which ore is mixed with high temperature and pressure solutions to enable metals to enter into solution as a precursor to extraction in metallic form.

"Breccia" means a broken fragmental rock, usually related to fault zones. Due to the open spaces within a breccia, such rocks are a favourable site for groundwater movement.

"Chlorite" means a platy green Magnesium Aluminosilicate resembling the mica group, derived from the weathering of antigorite. At Goongarrie, chlorite is diagnostic in the lower ore profile.

"Co" means cobalt.

"Cu" means copper.

"Dunite" means peridotite where the mafic mineral is olivine.

"Duricrust" means a hard weathering crust which is typically ferruginous and aluminous.

"Feasibility Study" means:

A "Pre-feasibility Study" is an engineering and cost study of a mining operation, processing plant and plant infrastructure, which for the Goongarrie Nickel Project includes a flow sheet of the "Cawse" type that covers ore beneficiation, high pressure acid leach, CCD washing, solution purification, cobalt and nickel solvent extraction, formation of an intermediate precipitate and electrowinning to produce nickel and cobalt metal. Included in the cost estimates will be infrastructure, tailings disposal, power supply, and owner's costs. The plant design may change as a result of testwork analysis, optimisation studies and engineering improvements performed during execution of the Pre-feasibility Study. Operating and capital cost estimates are to an accuracy of $\pm 30\%$. In the case of the Goongarrie Nickel Project, the drill density would be such that the resource status is Indicated Mineral Resource.

A "Bankable Feasibility Study" is an engineering and cost study addressing the same issues as a "Pre-feasibility Study", but in such detail that it contains sufficient information to satisfy a bank, that it can rely on cash flows and earnings from the project to repay any project loan, and that the assets of the project are suitable as collateral for the loan. The bank must feel comfortable that on a worst case scenario the loan will be repaid. Engineering design concepts will have largely been finalised, and operating and capital cost estimates are to an accuracy of $\pm 10\%$. In the case of the Goongarrie Nickel Project, the drill density would be such that the resource status is Proved Ore Reserve.

"Felsic" means light coloured feldspar and silica rich igneous rock.

"Gabbro" means a dark colored mafic intrusive rock consisting dominantly of feldspar and pyroxene.

"Geochemical Survey" means the systematic study of the variation of chemical elements in rocks or soils.

"Gibbsite" means Aluminium Hydroxide, a principal component of bauxite. At Goongarrie, gibbsite is diagnostic in the uppermost ore profile.

"Goethite" means Iron Hydroxide, being a yellow, red and brown ochre. At Goongarrie, goethite occurs throughout the total upper ore profile.

"Goethite Ore" means nickel-cobalt laterite ore composed mainly of the iron mineral goethite ($+40\% \text{Fe}_2\text{O}_3$), which is an optimum ore type.

"Gossan" means the weathered oxidised surface expression of a sulphide-bearing deposit, and consists predominantly of hydrated iron oxides.

"g/t" means grams per tonne.

"km" means kilometres.

"km²" means square kilometres.

"Komatiite" means an ultramafic rock with high magnesium content extruded from a volcano. Textural variations include:

"Orthocumulate" means a rock which exhibits a high proportion of crystallised trapped interstitial ("intercumulus") liquid. The surrounded ("cumulus") olivine crystals are subhedral to euhedral in form. This komatiite type is regarded as prospective for Nickel Sulphide mineralisation (e.g. Kambalda nickel mine).

"Mesocumulate" means a rock with cumulus crystals exhibiting extensive mutual boundary contact, but retaining some recognisable interstitial material. This komatiite type is regarded as prospective for Nickel Laterite mineralisation.

"Adcumulate" means a rock with little or no intercumulus material and characterised dominantly by anhedral crystals. This komatiite type is regarded as prospective for Nickel Laterite mineralisation.

"m" means metres.

"Maghemite" means a strongly magnetic form of hematite, an Iron Oxide.

"Mineralisation" means, in economic geology, the introduction of valuable elements into a rock body.

"Ni" means nickel.

"Nickel Laterite" means nickel and cobalt occurring as an oxidised hydrated iron oxide and ferruginous clay assemblage overlying weathered ultramafic rock.

"Nickel Sulphide" means nickel and copper occurring as an un-oxidised sulphide assemblage associated with fresh ultramafic rock.

- "Norite" means a form of gabbro where hypersthene is the mafic material.
- "Oil Shale" means a sedimentary rock containing low grade lignite coal and a hydrocarbon material termed kerogen.
- "Olivine" means a magnesium-iron silicate mineral, often occurring in rocks prospective for nickel.
- "Option" means a Share option to subscribe for fully paid ordinary Shares in Heron.
- "PAL" means Pressure Acid Leach, a nickel laterite processing technique in which ore is dissolved in hot high pressure sulphuric acid contained within a titanium-lined reaction vessel termed an autoclave, to release nickel and cobalt into solution, for precipitation as an intermediate product or electroplating as a pure metal.
- "Pedogenic" means pertaining to soil formation.
- "Peridotite" means an ultramafic rock consisting of olivine and pyroxene, with minimal feldspar.
- "PGE" means Platinum Group Elements.
- "prospect" means a target upon which exploration programs are planned or have commenced.
- "project" means a grouping of prospects within a specific geographic location, often with a common geological setting.
- "province" means a grouping of projects within a geological district defined by a major mineralised crustal structure.
- "ppb" means parts per billion.
- "ppm" means parts per million.
- "Precious Metals" means gold, silver and the Platinum Group Elements, ruthenium, rhodium, palladium, osmium, iridium and platinum. The metals are chemically inert, malleable, dense and used in jewellery, and are of high unit value.
- "RAB drilling" means the drilling technique in which a sample is returned to surface outside the rod string by compressed air. Sample quality is poor.
- "RC drilling" means the drilling method employing a rotating or hammering action on a drill bit which returns a sample to the surface inside the rod string by compressed air. Sample quality is very good, particularly if the drill hole is dry.
- "Resources and Ore Reserves" means:
- "Proved Ore Reserve" is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include Feasibility Studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. The term "economic" implies that extraction of the Ore Reserve has been established or analytically demonstrated to be viable and justifiable under reasonable investment assumptions. Proved Ore Reserve will require some degree of lateral continuity validation through diamond drilling, wide diameter (900mm) bulk sample drilling, trial mining, exploration winze or most likely for Goongarrie, 10x10m pattern RC drilling.
- "Measured Mineral Resource" is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and/or grade continuity. At the Goongarrie Nickel Project, Heron's least dense drill RC pattern for Measured Mineral Resource status is 40x20m.
- "Indicated Mineral Resource" is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and / or grade continuity but are spaced closely enough for continuity to be assumed. At the Goongarrie Nickel Project, Heron's least dense RC drill pattern for Indicated Mineral Resource status is 80x80m.
- "Inferred Mineral Resource" is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and / or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability. At the Goongarrie Nickel Project, Heron's least dense RC drill pattern for Inferred Mineral Resource status is 400x80m.
- "ROM" means run of mine ore, referring to the grade and type of ore that is expected to be fed to the processing plant on a day to day basis.
- "Rift" means a zone of crustal extension in which the predominant sediment deposition is conglomerate, and the predominant volcanic activity is a bimodal basalt-rhyolite association which is intruded by co-magmatic granitoids. The high geothermal gradients are very favourable for gold mineralisation.
- "Shear Zone" means a zone in which crushed rock has been produced by the action of a shearing stress as on a fault.
- "Saprolite" means strongly weathered clay-rich rock, often retaining original rock textures. Nickel Laterite ore is restricted to the saprolite zone of weathering.
- "Specific Gravity" or "SG" means the mass per unit volume of material, usually in reference to ore and waste.
- "Waste: Ore ratio" means BCM of waste + BCM of low grade sub-ore divided by BCM of ROM ore.
- "Tectonic Zone" means a major structural feature characterised by deformation of several kilometres in width.
- "Ultramafic" means rocks composed almost entirely of mafic minerals which are prospective for nickel mineralisation.
- "VMS" means volcanogenic massive sulphide, which relates to base metal Cu-Zn-Pb-Au-Ag sulphide mineralisation.
- "Volcaniclastics" means sedimentary rocks derived from fragmental volcanic rocks.
- "XRD" means X-ray Diffraction, which is an analytical means of identifying microscopic minerals.