

Quarterly Report

June 2007

HIGHLIGHTS

JUMP-UP DAM

- Six month Pre-Feasibility Study (PFS) expected cost of A\$12 million commenced.
- Indicated Mineral Resource of 22.3Mt grading 1.01% nickel at a 0.70% nickel cut-off estimated.
- 356 drill holes for 20,253 metres completed across Jump-up Dam, Aubils and Boyce Creek Projects.
- 27,000 metre detailed resource definition drilling commenced at Jump-up Dam Project.
- Boyce Creek and Aubils identified as potential satellite feed for Jump-up Dam Project.
- Water exploration continues seven production bores completed.
- Eleven large scale 4m height by 0.3m diameter column tests are in progress on bulk samples. A further 16 tests are scheduled to commence from late July.
- Trial mining and Demonstration Heap Leach on track to commence construction in October.

KALGOORLIE NICKEL PROJECT

A total of 70 Reverse Circulation drill holes for 4,269 metres and 11 core drilling holes for 528 metres were completed on Siberia North and Highway Resource areas respectively during the quarter.

Resource estimates to be completed in September Quarter.

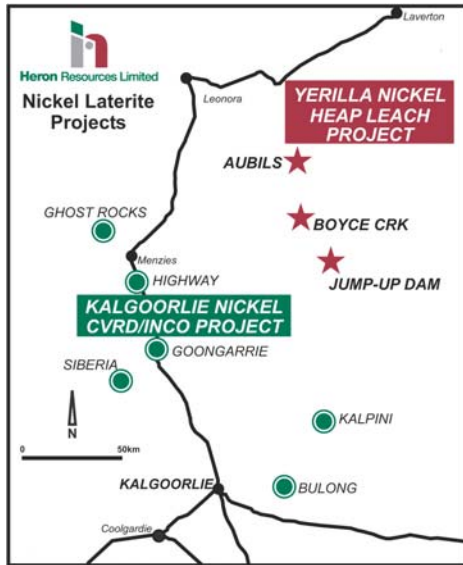
CORPORATE

In specie distributions of Rubicon Resources Ltd and Epsilon Energy Ltd shareholding completed.

JUMP-UP DAM PROJECT

COMMENCEMENT OF PRE-FEASIBILITY STUDY

Capex for a 10,000tpa Ni Project estimated at US\$300 – 350 million and operating costs of US\$3.00 - 3.20/lb at full production targeted.



Six Month Pre-Feasibility Study (PFS) expected to cost A\$12 million

The Jump-up Dam Project Scoping Study commissioned in September 2006 to evaluate production of 5,000tpa nickel in intermediate product by heap leaching was completed.

On the basis of results from the study, the Company commenced a six month pre-feasibility study (PFS). Completion of the PFS is scheduled for October 2007 with a production rate of 10,000tpa Ni.

Heap leach technology requires demonstration at a scale which reproduces full scale conditions in order to demonstrate process risk and provide design parameters. Mining, stacking and leaching in the order of 20,000 tonnes of ore will be undertaken to evaluate the performance of the proposed operation. Mining is scheduled to commence during October 2007, with stacking and leaching scheduled to commence in late December 2007. The trial is expected to continue for approximately ten months. Heron estimates the cost of the trial mining and demonstration leaching at \$22 million over a ten month period inclusive of intermediate product pilot production.

Heron estimates capex for the 10,000tpa Project inclusive of acid plant at between US\$300 and US\$350 million and will target operating costs upon full ramp up of between US\$3.00 and US\$3.20 per pound of nickel production. Cobalt is treated as a credit to the operating cost.

The company is being assisted in the PFS by a team of leading consultants in the field including:

GRD Minproc - Plant and infrastructure engineering

Snowden Mining Industry Consultants (Snowden) - Resource evaluation and mine planning

Sinclair Knight Merz Project - Environment and project approvals

SGS Orestest - Metallurgical test work

URS - Leach pad design and geotechnical

Rapallo - Demonstration engineering and construction management

Commercial production is targeted to commence during 2009 with ramp up completed during 2010 upon completion of the acid plant construction and commissioning.

Snowden are well advanced with the mining portion of the PFS. Pit optimisation work is complete and mine design and production scheduling has commenced. The Plant and Infrastructure section of the PFS, being undertaken by GRD Minproc, is well advanced in the area of process design.

MINING LEASES GRANTED FOR JUMP UP DAM

After the end of the Quarter, the Western Australian Government granted three Mining Leases for the Jump-up Dam Project

After the end of the Quarter, the Western Australian Government granted three Mining Leases for the Jump-up Dam Project. The granting of these tenements, for a renewable term of 21 years, provides the Company with certainty of tenure for the Jump-up Dam Project and continues the Project's positive momentum.

The Mining Leases cover some 3,360 hectares and will be of sufficient size to support all of the necessary mining and processing infrastructure over the life of the Project.

Granting of the Mining Leases was another positive step for the Jump-up Dam Project allowing Heron to proceed with trial mining and leaching to demonstrate the viability of the Jump-up Dam Project commencing last quarter 2007.

MINERAL RESOURCE ESTIMATE COMPLETED

The Company announced on 31st of May an updated mineral resource estimate for the Jump-up Dam Project of 22.3Mt grading 1.01% nickel in the Indicated category reported at a 0.7% nickel cut-off. This lies within a total (Inferred and Indicated) Mineral Resource of 52.8Mt grading approximately 0.79% nickel at a 0.5% nickel cut-off. The updated resource includes an additional 410 holes for 22,684 metres drilled by Heron. Snowden's estimate is based on sample data supplied by Heron. The samples were obtained from a total of 750 Reverse Circulation (RC) drill holes generally spaced on an 80 metre by 40 metre grid pattern. RC drilling results have been checked with twinned HQ triple tube core drill holes (13 holes for 735 metres).

The mineral resource estimate improves confidence in the Jump-up Dam resource base providing sufficient tonnages at approximately 1% nickel to potentially feed the proposed 10,000tpa nickel heap leach operation for an initially planned 15 year mine life. Snowden are undertaking mine planning based on the updated Indicated mineral resource estimate.

Two RC drilling rigs are currently on site at Jump-up Dam, drilling selected areas to improve resource definition and positioning of the trial-pit locations. The rigs are drilling in the northwest and southeast respectively of the deposit. The deposit comes to the surface in both these areas and represents areas where the early years ore-feed to the operation may come from. This drilling also represents the commencement of the drill-out phase for the definitive feasibility study. A total program of 27,000m of resource definition drilling to commence conversion of the resource to measured is planned over the course of the feasibility studies to bring a portion of the resource base into the measured category.



METALLURGICAL TESTWORK

Results deliver an incremental improvement over those of the 1m sighter column test work conducted for the Scoping Study these will be confirmed during the September quarter testing.



Eleven large scale 4, 2 and 1m height by 0.3m diameter column tests are in progress on bulk samples from costean trenching. Preparation of Calweld drill sample for metallurgical test work is complete. Agglomeration test work on ore type and resource composites from this material has commenced.

Investigations include optimisation of agglomeration conditions and leach solution chemistry.

A further 16 tests are scheduled to commence from late July on Calweld drill sample composites.

Geotechnical testing of feed agglomerate and leach residue materials has commenced. These tests are used to determine critical heap leach design parameters such as stack height and percolation rate. Geochemical test work on mine waste and leach residue material for environmental assessment has also commenced.

Batch test work has commenced for downstream processing of pregnant leach solution from column tests. This work includes iron removal, mixed nickel and cobalt hydroxide precipitation and mixed nickel and cobalt sulphide precipitation.

DEMONSTRATION HEAP LEACH

A 20,000 tonne Demonstration Heap Leach is planned to demonstrate the full scale performance of the proposed heap leach process and to provide detailed design information.

A 20,000 tonne Demonstration Heap Leach is planned to demonstrate the full scale performance of the proposed heap leach process and to provide detailed design information. Permitting activities for the Demonstration Heap Leach are well advanced. The clearing permit application has been submitted. The Mining Proposal document is well advanced and is expected to be submitted in early August.

The sites for two shallow open pits to win the ore required for the heap leach have been selected. Pit designs and contract tender documents are in preparation. Grade control drilling is planned to commence in August over these sites. The process design package for the heap leach facility has been completed. Detailed engineering will commence in late July. A second hand agglomeration drum has been purchased and refurbished. Procurement of other equipment has commenced. It is anticipated that construction will take place in October and November with stacking commencing in December 2007.

An experienced Site Manager has been appointed for the Demonstration Heap Leach activities.

WATER EXPLORATION

Bores within 10km of the Project are being established to provide immediate water for trial mining and camp requirements

A total of 92 exploration bores and seven test production bores were completed during the quarter. Three test production bores, established approximately 1km apart in the Aubils area, some 60km north of the Project, have returned good results with sustainable flows of approximately 450 kilolitres per day from each bore. Salinity ranged between 1,400TDS and 75,000TDS which is in line with expectations. Other bores within 10km of the Project are being established to provide immediate water for trial mining and camp requirements.

ESTABLISHMENT OF SATELLITE RESOURCE AREA

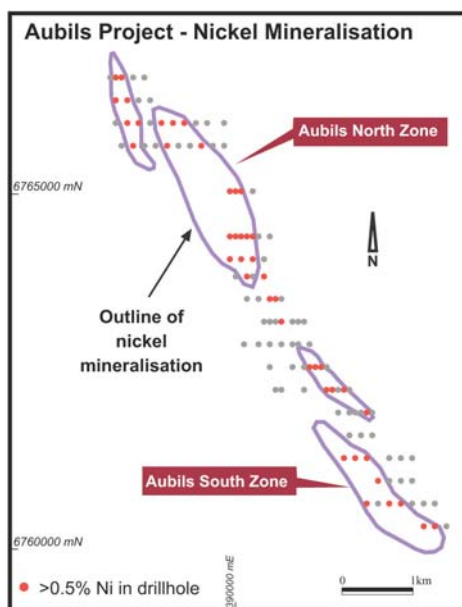
Potential satellite resources provide further scale for the Jump-up Dam Project

Two new areas of nickel laterite mineralisation within trucking distance (30km to 60km) of the Project were delineated during the quarter. They provide further upside for the Project. These satellite areas are also being assessed for the potential to ship ore to third party operations. These areas will be proved up to an inferred resource category in the coming months.

AUBILS PROJECT

DRILL RESULTS

Infill RC drilling to a 160m x 80m pattern is scheduled to commence during the next quarter to enable estimation of an Inferred Mineral Resource.



The Aubils Project (HRR 100%) is located some 60km north-northwest of the Jump-up Dam site. Drilling in the quarter totalled 121 holes for 7,542m on nominal 320m x 160m grid. As previously reported several encouraging results based on a 0.75% nickel lower cut-off included:

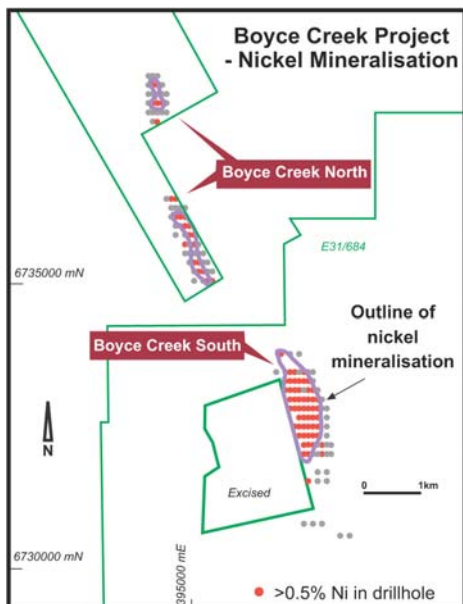
- AURC050: 10m @ 1.29% Ni from 6m depth;
- AURC058: 14m @ 1.19% Ni from 10m depth;
- AURC064: 10m @ 1.34% Ni from 14m depth;
- AURC068: 24m @ 1.18% Ni from 6m depth;
- AURC143: 28m @ 1.42% Ni from 6m depth;
- AURC144: 6m @ 1.26% Ni from 18m depth.

Infill RC drilling to a 160m x 80m pattern is scheduled to commence during the next quarter to enable estimation of an Inferred Mineral Resource. Exploration licence E39/1228 was granted permitting drilling on the potential extensions of the mineralisation.

BOYCE CREEK PROJECT

DRILL RESULTS

These zones will form the basis for estimation of an initial Inferred Resource



The Boyce Creek Project (HRR100%) is located some 25km northwest of the Jump-up Dam site. Drilling during the quarter totalled 158 holes for 8,241m on nominal 160m x 80m grid pattern. Drilling delineated three northwest trending zones of nickel laterite mineralisation. These zones form the basis for estimation of an initial Inferred Resource. Significant intercepts included based on a 0.75% nickel lower cut-off:

YERC093: 14m @ 1.22%Ni from 10m depth;

YERC096: 12m @ 1.20% Ni from 4m depth;

YERC116: 8m @ 1.17% Ni from 26m depth;

YERC118: 26m @ 1.15% Ni from 2m depth;

YERC180: 22m @1.02%Ni from 6m depth;

YERC189: 20m @1.08% Ni from 18m depth and

YERC190: 26m @ 1.00% Ni from 14m depth.

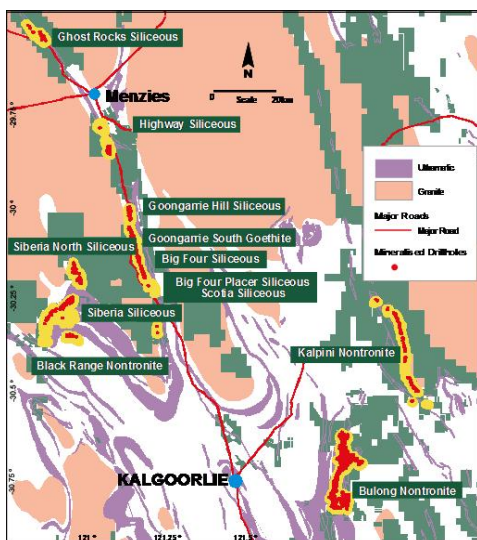
Drilling during the quarter totalled 158 holes for 8,241m on nominal 160m x 80m grid pattern. From this drilling, a number of northwest trending zones of nickel laterite mineralisation have been delineated that will form the basis of an initial Inferred Resource estimate that is currently being calculated.

KALGOORLIE NICKEL PROJECT

A total of 70 Reverse Circulation (RC) drill holes for 4,269 metres and 11 core drilling holes for 528 metres were completed on Siberia North and Highway Resource areas respectively during the quarter.

At Siberia North, the majority of the holes were drilled in order to close the drill spacing to approximately 400mx80m. Intercepts above a cut-off 0.5% Ni over a minimum width of 2m are shown in Table 1. This drilling has shown that there are variable widths and grades of mineralization outside the existing 0.5% resource envelope.

The diamond drilling at Highway in general showed a good correlation with material types logged in the RC holes with one exception where massive magnesite was intersected in the diamond holes but not the adjacent RC hole.



Beneficiation optimization tests on diamond core indicated that a coarse crush and scrub liberated over 95% of -75um material. Beneficiation variability tests are scheduled to be undertaken using material from the diamond drill holes from Highway during the next quarter.

Resource estimation at both Highway and Siberia North commenced during the quarter and Goon South is expected to commence in August.

An additional two Calweld holes were completed for 38.0 metres during the quarter to provide material for metallurgical testing. Beneficiation of this and previous Calweld drilling from Highway, Goon Hill and Kalpini resource areas has produced quantities of -75um material in line with expectations. Tests showed that beneficiation using saline water produced improved slurry settling over fresh water. Approximately 2.5 tonnes of -75um material has been prepared for three, five day campaigns of continuous pilot HPAL test work in the next quarter. Further tests to optimize the beneficiation of material are scheduled next quarter.

A total of 115 tests comprising of tests relating to HPAL, atmospheric leach, rheology, HPAL neutralization and leach residue settling are nearing completion for fifteen composites from five resource areas. Results will be reported at the completion of Step 2.

Eight material types from five resource areas have been submitted for column leach tests, using two acid concentrations and 1m by 10cm columns, for a total of 16 columns. At the end of the quarter the columns had been leaching for less than 20 days hence preliminary results will be reported next quarter. Mineralogical studies of the initial four material types indicated a general composition of quartz, goethite, smectite as major constituents with minor hematite, gypsum, talc, 'serpentine'- and chlorite- group minerals and contain up to 30% amorphous material.

Table 1: Siberia North RC drilling results- Intercepts with a minimum cut-off = 0.5 %, 2m minimum width and 2m minimum internal dilution

Project	Hole Number	MGA94_51 East	MGA94_51 North	MGA94_51 RL	Nickel Value (pct)	Intercept_ From	Intercept_ To
Siberia North	CSIR0004	304964	6658752	422	10m @ 0.56	44.00	54.00
Siberia North	CSIR0007	305202	6658748	425	4m @ 0.76	34.00	38.00
Siberia North	CSIR0008	305294	6658743	422	8m @ 0.98	24.00	32.00
Siberia North	CSIR0013	305682	6658743	414	16m @ 1.04	32.00	48.00
Siberia North	CSIR0015	305843	6658743	413	6m @ 0.91	16.00	22.00
Siberia North	CSIR0015	305843	6658743	413	20m @ 0.59	28.00	48.00
Siberia North	CSIR0016	305925	6658740	412	14m @ 0.58	26.00	40.00
					6m @ 0.70	8.00	14.00
Siberia North	CSIR0019	306163	6658771	406	20m @ 0.86	18.00	38.00
					12m @ 0.59	52.00	64.00
Siberia North	CSIR0020	306242	6658752	405	14m @ 0.73	30.00	44.00
					8m @ 0.74	50.00	58.00
Siberia North	CSIR0021	306322	6658753	405	20m @ 0.57	18.00	38.00
					10m @ 0.57	42.00	52.00
Siberia North	CSIR0022	306402	6658751	406	4m @ 0.65	16.00	20.00
					12m @ 0.62	6.00	18.00
Siberia North	CSIR0023	306483	6658747	401	8m @ 0.54	34.00	42.00
Siberia North	CSIR0032	305458	6657931	427	20m @ 0.84	12.00	32.00
Siberia North	CSIR0033	305538	6657934	424	18m @ 0.88	14.00	32.00
					4m @ 0.64	12.00	16.00
Siberia North	CSIR0035	305697	6657932	420	4m @ 0.54	42.00	46.00
Siberia North	CSIR0036	305766	6657934	418	24m @ 0.75	30.00	54.00
Siberia North	CSIR0037	305847	6657960	416	18m @ 0.63	32.00	50.00
Siberia North	CSIR0038	305923	6657960	415	22m @ 0.59	10.00	32.00
Siberia North	CSIR0043	306328	6657963	409.23	32m @ 0.65	4.00	36.00
Siberia North	CSIR0044	306399	6657960	410	6m @ 0.60	52.00	58.00
Siberia North	CSIR0050	304739	6660360	403	12m @ 0.65	50.00	62.00
Siberia North	CSIR0051	304818	6660369	403	18m @ 0.96	30.00	48.00
Siberia North	CSIR0052	304897	6660364	403	4m @ 0.62	28.00	32.00
Siberia North	CSIR0055	305133	6660367	402	12m @ 0.63	44.00	56.00
Siberia North	CSIR0056	305214	6660361	400	12m @ 0.67	54.00	66.00
Siberia North	CSIR0057	305296	6660365	399	4m @ 0.59	52.00	56.00
Siberia North	CSIR0063	305394	6659961	403	4m @ 0.65	22.00	26.00
Siberia North	CSIR0066	305719	6659953	400	4m @ 0.61	44.00	48.00
Siberia North	CSIR0068	306148	6659555	400	2m @ 0.56	40.00	42.00

CORPORATE

In Specie Distributions

Heron's shareholding in Rubicon Resources Ltd has been distributed to Heron shareholders with effect on 17 May 2007.

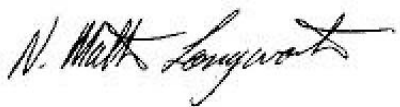
Heron's shareholding in Epsilon Energy Ltd has been distributed to Heron shareholders with effect on 15 June 2007.

Bulong Tenements

On 1 February Heron advised the market that it had been informed by LionOre Australia (Avalon) Pty Ltd, of its intention to terminate negotiations with Heron in relation to access to the Bulong Avalon Resources, which Heron entered into an agreement to purchase from the Receiver of the Bulong Group of Companies on 8 April 2004.

Heron is reviewing its position in view of this information and will advise the market once it has decided upon its course of action on the matter.

JORC Compliance Statements



Mathew Longworth
Managing Director

The information in this report that related to Mineral Resources at Jump-up Dam is based on information compiled by Andrew F Ross who is a Fellow of the Australasian Institute of Mining and Metallurgy. Andrew F Ross is an employee of Snowden Mining Industry Consultants and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the resource estimation activity that he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Andrew F Ross consents to the inclusion in this report of the matters based on his information in the form and context that it appears. Note that Mineral Resources that are not Ore Reserves do not have demonstrated viability.

The information in this report that related to Exploration and data (including drilling data, database quality, geological interpretation and density modelling) is based on information compiled by David von Perger who is a member of Australasian Institute of Mining and Metallurgy. David von Perger is a full time employee of Heron Resources Limited. David von Perger has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the exploration activity that he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. David von Perger consents to the inclusion in this report of the matters based on his information in the form and context that it appears.

Appendix 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT

Name of entity

HERON RESOURCES LIMITED

ABN

30 068 263 098

Quarter ended (current quarter)

30 June 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current Qtr \$A'000	Year to Date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for: (a) exploration and evaluation	(4,186)	(8,966)
(b) development		
(c) production		
(d) administration	(604)	(3,937)
1.3 Dividends received	309	752
1.4 Interest and other items of similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)-GST Paid	(190)	(67)
	(4,671)	(12,218)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	0	(189)
(b) equity investment	0	(634)
(c) other fixed assets	(1,283)	(1,667)
1.9 Proceeds from sale of: (a) prospects		
(b) equity investment	49	216
(c) other fixed assets	24	24
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material) Demerge Epsilon	0	(40)
Demerge Rubicon	0	599
	(1,210)	(1,691)
Net Investing Cash Flows		
1.13 Total operating and investing cash flows (carried forward)	(5,881)	(13,909)

1.13 Total operating and investing cash flows (brought forward)	(5,881)	(13,909)
Cash flows related to financing activities		
1.14 Proceeds from the issue of shares, options, etc.	26,881	34,422
1.15 Proceeds from the sale of forfeited shares		
1.16 Proceeds from borrowings		
1.17 Repayment of borrowings		
1.18 Dividends paid		
1.19 Other (provide details if material)		
Net financing cash flows	26,881	34,422
Net increase (decrease) in cash held		
1.20 Cash at beginning of quarter/year to date	8,691	9,178
1.21 Exchange rate adjustments		
	29,691	29,691
1.22 Cash at end of quarter		

**Payments to directors of the entity and associates of the directors,
payments to related entities of the entity and associates of the related entities**

	Current Qtr \$A'000
1.23 Aggregate amount of payments to the parties included item 1.2	323
1.24 Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Directors fees, salaries and superannuation (A\$292,087). Provision of office accommodation by director-related entity (A\$17,060). Provision of legal advice by director-related entity (A\$13,735).

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

See attached schedule

Financing facilities available

Add notes as necessary for an understanding of the position

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	6,800
4.2 Development	0
Total	6,800

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to related items in the accounts as follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	392	125
5.2 Deposits at call	28,825	8,178
5.3 Bank Overdraft		
5.4 Other (provide details)		
Property Rental bond	48	47
Environmental bonds	363	280
Escrow Accounts	63	61
Total: cash at end of quarter (Item 1.22)	29,691	8,691

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at Begin of Quarter	Interest at End of Quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	See attached schedule		
6.2	Interests in mining tenements acquired or increased	See attached schedule		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (\$)	Amount paid up per security (see note 3) (\$)
7.1 Preference securities (description)				
7.2 Changes during Quarter				
(a) Increases through share issues				
(b) Decreases through returns of capital, buybacks, redemptions				
Ordinary securities	205,438,847	205,438,847		
7.3 Changes during Quarter *				
(a) Increases through share issues	23,163,500	23,163,500	\$1.20	\$1.20
(b) Decreases through returns of capital, buybacks	2,307,000	2,307,000	\$0.2364	\$0.2364
7.4 Convertible debt securities (description)				
7.5 Changes during Quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				

7.7 Options
(description and conversion factor)

			<i>Exercise Price</i>	<i>Expiry Date</i>
	2,500,000	Nil	\$0.25	16/12/2007
	3,000,000	Nil	\$0.25	31/12/2007
	125,000	Nil	\$0.25	31/12/2008
	250,000	Nil	\$0.60	30/06/2009
	1,650,000	Nil	\$0.70	1/06/2010
	5,000,000	Nil	\$0.70	7/09/2010
	1,150,000	Nil	\$0.70	1/11/2010
	5,000,000	Nil	\$0.70	7/09/2016
	2,750,000	Nil	\$1.50	31/12/2015
	500,000	Nil	\$0.90	2/01/2011
	250,000	Nil	\$0.90	9/01/2011
	1,000,000	Nil	\$1.00	2/01/2013
	1,250,000	Nil	\$1.00	9/01/2013
	1,000,000	Nil	\$1.50	2/01/2013
	1,000,000	Nil	\$1.50	9/01/2013
	1,000,000	Nil	\$1.50	19/03/2013
	1,500,000	Nil	\$2.00	19/03/2013
	1,500,000	Nil	\$2.50	19/03/2013
	150,000	Nil	\$1.50	30/06/2011
	100,000	Nil	\$1.38	30/06/2011
	100,000	Nil	\$1.48	30/06/2011
	100,000	Nil	\$1.54	30/06/2011
	1,500,000	Nil	\$2.00	16/03/2013
	1,500,000	Nil	\$2.50	16/03/2013
	1,500,000	Nil	\$1.00	05/06/2012
	3,500,000	Nil	\$1.50	05/06/2013
	7,500,000	Nil	\$2.00	05/06/2013
	12,250,000	Nil	\$2.50	05/06/2014
7.8 Issued during Quarter	150,000	Nil	\$1.50	30/06/2011
	100,000	Nil	\$1.38	30/06/2011
	100,000	Nil	\$1.48	30/06/2011
	100,000	Nil	\$1.54	30/06/2011
	1,500,000	Nil	\$2.00	16/03/2013
	1,500,000	Nil	\$2.50	16/03/2013
	1,500,000	Nil	\$1.00	05/06/2012
	3,500,000	Nil	\$1.50	05/06/2013
	7,500,000	Nil	\$2.00	05/06/2013
	12,250,000	Nil	\$2.50	05/06/2014
7.9 Exercised during Quarter	2,307,000	2,307,000	\$0.2364	30/06/2007
7.10 Expired during Quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

Compliance 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

1. Inco Limited, as general partner of Inco Australia Limited Partnership and Inco Resources (Australia) Pty Limited may earn a 60% interest in the Kalgoorlie Nickel Project tenements through completing a Feasibility Study and procuring finance to build a nickel laterite mining and processing operation, with the cost of feasibility estimated to be \$90,000,000 (US\$68,000,000 assuming an exchange rate of 0.75).
2. Bronzewing Gold NL (Bronzewing) may earn a 70% interest in precious metals from Heron's King of Creation Project through expending \$250,000 within four years.
3. Jackson Gold Limited (Jackson) may earn a 70% interest in gold and silver minerals through expending \$300,000 within four years. Once Jackson earns its equity, Heron may at its sole discretion contribute on a pro-rata basis, or convert to a 20% free-carried equity to the completion of a Bankable Feasibility Study that recommends commencement of mining, or convert to a 2.5% royalty for recovered metal.

6.1 Interests in Mining Tenements transferred, relinquished, reduced or lapsed

<i>Tenement</i>	<i>Nature of Interest</i>	<i>% Begin Quarter</i>	<i>% End Quarter</i>
P31/01710	Registered Holder	100	0
P31/01711	Registered Holder	100	0
P31/01712	Registered Holder	100	0
P31/01713	Registered Holder	100	0
M31/00476	Registered Holder	100	0
M31/00478	Registered Holder	100	0
E28/01660	Registered Holder	100	0
E28/01654	Registered Holder	100	0
E38/01926	Registered Holder	100	0
E38/00948	Registered Holder	100	0
E28/01651	Registered Holder	100	0

6.2 Interests in Mining Tenements acquired or increased

<i>Tenement</i>	<i>Nature of Interest</i>	<i>% Begin Quarter</i>	<i>% End Quarter</i>
E31/00803	Registered Applicant	0	100
E31/00804	Registered Applicant	0	100
E31/00805	Registered Applicant	0	100
E39/01322	Registered Applicant	0	100
E28/01767	Registered Applicant	0	100
P25/01986	Registered Applicant	0	100
P25/01987	Registered Applicant	0	100
P25/01988	Registered Applicant	0	100
P25/01989	Registered Applicant	0	100
E15/01005	Registered Applicant	0	100
E29/00669	Registered Applicant	0	100
E77/01462	Registered Applicant	0	100
P26/03618	Registered Applicant	0	100
E39/01334	Registered Applicant	0	100
E39/01332	Registered Applicant	0	100
E39/01333	Registered Applicant	0	100
E28/01775	Registered Applicant	0	100
E28/01776	Registered Applicant	0	100
E39/01339	Registered Applicant	0	100
E15/01010	Registered Applicant	0	100

Compliance Statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
2. This statement does give a true and fair view of the matters disclosed.



Sign here: _____
Company Secretary

Date: 31/07/07

Print name: Sarah Helen Calvert

Notes

1. The Quarterly Report is to provide a basis for informing the market how the entity's activities have been financed for the past Quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of Interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.