

Heron – A Personal View



I appreciate the chance to pen a few words about Heron. Why? Because it's a great company; one that will succeed because it is an entrepreneurial fast-mover when it needs to be, has technical skills that are usually found only in far larger companies, and has access to a bank of exploration assets like no other peer company – and that's not even mentioning the merits of the Kalgoorlie Nickel Project!

For some reason, I still think Heron is a company that is not yet fully appreciated for its vision, entrepreneurship and commitment by the market (let alone its assets) – but that is coming – albeit slowly. I've followed Heron since its ASX listing in 1996 and first met Ian Buchhorn at around that time too. Off the record, Ian showed his business acumen by turning me down for the job of Heron's Exploration Manager when I was looking for a move from WMC at that time; Dave Crook (now Managing Director at Pioneer Nickel) rightfully got the role and then performed it far better than I could have ever done over the next seven years or so.

This first contact with Heron intrigued me though, and despite my lack of success in joining the company, I became a shareholder in Heron soon after. (By the way, there's a clear pattern in that geologists that deal with

Non-Executive Director Allan Trench* puts the company's success down to clear competitive advantage and to consistent professionalism – But suggests that it's very much a fun company too.

Heron from other companies tend to show up on the share register soon after). I then watched closely how Heron did things from a distance for a number of years – and was very impressed. So as best I was able, I then emulated "the Heron way" when managing the Kalgoorlie assets of a number of competing exploration companies in the late 1990s. (Sometimes we even beat Dave and Ian to Coolgardie to peg a licence by a few minutes).

But to the point: Since joining Heron in an advisory capacity late in 2003, I've been further impressed with the company. Here are my 'Top 10 secrets' as to why Heron stands out from its peers:

(1) Ian Buchhorn has never sold a single share in Heron – and has put several million dollars into the company – much of which at a time when Heron's future looked far less certain than it does now. That's the sort of commitment that few companies can match.

(2) Heron Directors' buy shares in the company – they don't sell them. I think Craig Readhead, the company Chairman, last bought shares at 85 cents or so – You'll need to check through the ASX announcements on that one. For my part, I buy Heron shares using my Director's fees as a way of putting the money back into the company.



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(3) The Heron Kalgoorlie team are second to none – very professional and highly skilled. I've been associated with a number of small and large resources companies over the last 15 years – Heron staff all 'punch above their weight' big-time.

(4) Nickel laterite is the future of the nickel industry. It isn't an overnight thing – But it's inevitable.

(5) Heron are past-masters at spotting geological opportunities and pegging them. I won't go into more detail as it's a key advantage for the company – but it creates an asset base far more extensive than peer companies.

(6) Heron looks for win-win deals with competitors in lease swaps – and does a lot of them. Heron is one of the few companies that holds 100% ownership of the majority of its leases, so has great flexibility in its dealings.

(7) I've never seen a company so focused on advancing a single concept (the KNP) but at the same time remaining creative to build value elsewhere (just look at the Avoca and Pioneer spin-offs) – and doing the whole lot whilst still smiling. There's a lot of latent value outside the KNP within Heron that is yet to be unlocked. Watch that space.

(8) The company is extremely cost-conscious. I'm comfortable buying shares in Heron on-market, or subscribing to share issues, soundly in the knowledge that none of my money will be wasted. There's no excess spending – just take a look at the company vehicles!

(9) Heron operates to a set of values that make me proud to be associated with it. I couldn't work with some high-profile mining identities knowing some of the ways they conduct their business. Heron for me is all about honesty in all its business dealings.

(10) The Heron share price is going the 'right way' because all of the above points (1) through (9) are starting to make a difference – and as the Deborah Conway song goes "It's only the beginning".

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