Welcome to this the eighth Annual General Meeting of Heron Resources Limited. Needless to say, we have completed another ambitious year, with the major achievement being the acquisition of several new nickel laterite resources in the Goongarrie-Siberia district within our North Kalgoorlie Nickel Project (“NKN Project”). These acquisitions are aimed at moving the Company towards production.

I will briefly discuss our various areas of activity for 2003, before handing over to our Managing Director Ian Buchhorn to review our prospects for 2004.

We operate through four distinct corporate vehicles, being Heron for the nickel laterite, Pioneer for the nickel sulphide, Regent for the base metals and gold, and Balladonia for the soft rock targets of oil shale and mineral sands.

1. Heron Resources Limited

We currently have three major projects underway:

(a) North Kalgoorlie Nickel Project

The NKN Project is a potential standalone operation with a mill capacity of 4 mtpa Leach Feed over a 25 year project life. The current Inferred Mineral Resource, presuming screening of Siliceous Ore, exceeds 130 million tonne at 1.3% Ni at a 1% Ni cut-off Leach Feed Grade.

The Company’s operational emphasis in 2003 has been to secure critical mass for the NKN Project through the acquisition of Siliceous Ore, as well as to develop Goethite Ore for Ore Supply. Heron’s nickel laterite acquisition activities have been directed towards an Eastern Goldfields geological unit termed the Walter Williams Formation (“WWF”), an ultramafic lithology developed within the Siberia-Goongarrie-Menzies district. This district is the focus for the NKN Project.

Heron has completed three major tenement acquisition programs:

(i) Purchase of the Golden State Resources Limited nickel laterite assets, being Golden State’s 51% interest in the Helix Resources NL Menzies Nickel Joint Venture Agreement, 87.5% interest in the Dalrymple Resources Limited Menzies Purchase and Joint Venture Agreement, Golden State’s right to earn a 70% interest in the Gilt-Edged Mining NL Comet Vale Joint Venture Agreement, and Golden State’s 100% interest in the Comet Vale and Menzies West Projects.

(ii) Purchase of Centaur Mining & Exploration Limited’s 75% interest in the Siberia Taipan Joint Venture and 80% interest in the Siberia Tank Joint Venture. The Indicated and Inferred Mineral Resources at a 0.5% Ni cut-off grade are 67.6 million tonne at 0.7% Ni.

(iii) Purchase from Anaconda Nickel Limited of its Siberia assets. The Anaconda Siberia project Mineral Resource estimate is 78.9 million tonne at 0.6% Ni and is dominantly drilled out to Indicated Mineral Resource status.
Heron has now largely completed its strategic plan aimed at consolidation of its Goongarrie-Siberia nickel laterite resources. The Company believes that this strategy has significantly contributed to the future viability of mining and processing operations planned for the Goongarrie-Siberia district.

(b) **Hampton Nickel Project**

This is our latest project, and involves generating value from our significant Kalpini-Lake Rebecca saprolitic nickel laterite resources in the Hampton area, in conjunction with developing our Regent Resources Limited massive sulphide targets in the same Hampton region. This project is at an early stage, and we will keep shareholders informed as to our progress.

The nickel laterite concept we are pursuing is termed “Enhanced Acid Leach” and involves neutralising processing solutions using high grade nickel and magnesia saprolite ore types, which are metallurgically distinct from our usual NKN Project goethite ores. The processing flow sheet combines goethite and saprolite as separate leaching components, feeding into a single intermediate product precipitation circuit. The Hampton Nickel Project is prospective for saprolite ore.

(c) **Ore Supply**

Ore supply discussions continue with the Anaconda-Glencore Murrin Murrin and OMG Cawse nickel laterite operations. Our aim here is to secure the treatment of Heron ore through these plants, to evaluate the metallurgical performance of our ore, and most importantly, generate cash flow from our laterite assets.

2. **Pioneer Nickel Limited**

The Pioneer nickel sulphide targets are associated with komatiite horizons of the Pioneer and Widgiemooltha Domes. From literature reviews, there is an absence of modern ElectroMagnetic (“EM”) surveying of these favourable komatiite contact zones, which represent excellent first stage exploration targets. Pioneer’s initial exploration strategy will be to complete blanket ground EM coverage of the prospective komatiite horizons. This is precisely the exploration strategy that led to the discovery in recent years of the Cosmos, Waterloo and Emily Ann nickel sulphide resources, all within previous “Nickel Boom” exploration areas.

Pioneer will list on ASX in early December 2003. As agreed at the Pioneer demerger meeting here at the Hannans Club last month, some 6 to 24 months following the listing of Pioneer, we will do an in specie distribution of Pioneer shares to Heron Shareholders at no cost.

3. **Regent Resources Limited**

During 2003, we finalised the purchase of additional gold rights covering historic lines of lode at and adjoining the Windanya, Vettersburg, Goongarrie Lady and Baden Powell gold mining centres within the Bardoc Tectonic Zone. Regent now holds drill confirmed gold resources at Goongarrie Lady and Baden Powell. Additionally, an excellent Volcanogenic Massive Sulphide (“VMS”) base metal tenement portfolio has been acquired in the Hampton district east and south of Bulong.

Our ultimate plan is to list Regent on ASX in the first half of 2004.
4. **Balladonia Energy Limited**

Balladonia’s resource estimates are qualitative at best, but from reviewing previous exploration data, there is a stated **potential of 2.6 billion tonne at a Fischer Oil Yield of 133 litre per tonne**. All of the Balladonia lignite resources have a high oil yield, being up to 190 litres per tonne. These oil yields are comparable to oil shale deposits in Queensland, which are now in production.

As you can see, 2003 has involved some major advances for Heron, which reflects the tremendous energy with which our staff approach their tasks. On behalf of all shareholders, I wish to thank Ian Buchhorn, David Crook, Alan Rudd, Sue Geary and Jude Winnett for their efforts.

And on a more reflective note, I wish to record that Administration Manager Sue Geary and Exploration Manager Dave Crook, after 5 and 6 years of dedicated service to Heron, are moving on, Sue to a life of leisure on Australia’s highways, and Dave to life of EM and drilling for Pioneer on Australia’s komatiites. We wish you both well.

And a warm welcome to Sarah Calvert, who takes over from Sue as Administration Manager. On Sarah’s very first day in the role, which includes tenement monitoring, Sarah pegged a gold mine for Heron, a most auspicious start.

Craig Readhead