

HERON RESOURCES NL

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Company Announcement Officer
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Dear Sir

HERON RESOURCES NL
QUARTERLY REPORT
PERIOD ENDING 30 SEPTEMBER 1996

1.0 HIGHLIGHTS

1.1 Scotia Kanowna Project

A 100% owned Exploration Licence 24/97 has been applied for at Mulgarrie North. The tenement occurs in a very prospective area, with the AMX Resources Paddington Project to the west, and Heron-MPI Scotia Kanowna JV to the immediate north and east. Exploration targets are accordingly granite-hosted gold stockworks in the west of the tenement, and ultramafic-hosted nickel in the north and east.

1.2 Silver Swan North Project

A bedrock conductor has been located by ground EM surveying at **Silver Swan North**. The target has a 700m strike length, and the top of the conductor is interpreted to occur at 50m depth. The conductor will be tested by RC drilling traverses as soon as a drilling rig can be sourced.

In view of the conductor's proximity to the Silver Swan nickel discovery, drill testing is of a high priority.

1.3 Gindalbie East Project

The **Kalpini Prospect** land holding has been increased through the acquisition of Exploration Licence 27/129 in a ballot, and Prospecting Licences 27/1448 - 1453 through purchase. The ground is prospective for nickel mineralisation, with adjoining tenements currently subject to very active nickel exploration.

1.4 Edjudina Project

Soil geochemical sampling at the **Yarri Prospect** has outlined a 400m strike length anomaly of 20-1370ppb Au against a background of 4ppb Au. The target will be tested by RAB drilling as soon as a rig can be secured.

Follow up of a soil geochemical anomaly at the **Webb Find Prospect** has located old RAB holes which on re-assay contain up to 11m at 5.7g/t Au (stopped in mineralisation). The target will be tested by pattern RC drilling.

Three exploration licence ballots were won by Heron at the **Webb Find North Prospect** (E31/278, 279, 288). The tenements are associated with the Keith Kilkenny Lineament, and are along strike from the Webb Find soil geochemical target.

2.0 OPERATIONS REVIEW

2.1 Scotia Kanowna Joint Venture

Heron 100%. MPI-Outokumpu right to earn 75%.
Nickel (- gold).

Joint venture operator MPI commenced exploration by acquiring detailed helimag over the total 236km² joint venture area.

Helimag on E27/123 previously acquired by Heron confirmed the presence of significant magnetic targets. These targets were gridded by MPI through extending the Silver Swan mine grid.

MPI completed Aircore drilling of magnetic targets in September 1996. The programme comprised 63 holes for 3240 metres, with an average hole depth of 51.4 metres.

Final assay results are still awaited. Those results to hand confirm non-ultramafic lithologies were intersected, being andesitic to basaltic lithotypes. Magnetic susceptibility logging on Aircore drill chips confirms the surficial laterite is magnetic, but deeper material is non-magnetic. Magnetic modelling of the susceptibility data is required in order to confirm whether or not the aeromagnetic target has been intersected by the Aircore drilling.

Variable amounts of quartz veining and carbonate alteration was recorded in the drilling, suggesting some prospectivity for gold mineralisation. Bottom hole gold assays are not as yet available.

The main gold target within the Joint Venture project area is at Scotia East. A soil geochemical survey by a previous tenement holder defined an anomaly of 10 - 72ppb Au against a 2ppb Au background. The anomaly at a 10ppb Au threshold covers an area of 1.0km x 0.5km. Two RAB traverses failed to locate a bedrock source for the soil anomaly. The target anomaly is very extensive, being located on transported aeolian and alluvial sand.

The anomalous soil gold values are of interest, since the anomaly is associated with an intra-greenstone granite, bounded by the Moriarty Shear Zone in the east. The anomaly is located on a NE trending structure locally termed the "Paddington Northeast Fault". Of interest, AMX Resources has located a 3km x 1km NE trending 40 - 300ppb Au soil anomaly at their Kanowna Dome Prospect. This target is located 20km to the SW of Scotia East along the "Paddington Northeast Fault". AMX Resources has recently announced promising gold intercepts at the Kanowna Dome Prospect (now called Paddington Prospect). Scotia East would appear to be structurally along strike from the AMX Resources prospect.

There are extensive gold mining centres in the immediate region of the Scotia Kanowna Joint Venture, including Mulgarrie, Gordons, Whitefeather and Gindalbie.

2.2 Silver Swan North Project

Heron 100%

Nickel (- gold).

A 200m x 50m grid was surveyed, totalling 15.5km. The gridding covers the stratigraphic sequence inferred to host the Silver Swan nickel deposit.

Orientation soil geochemistry was run on line 40600N over the main magnetic targets. The project area is devoid of outcrop, with the soil cover appearing to be transported. This was reflected in the soil geochemical results, which failed to distinguish bedrock lithotypes. Of interest, Ni was uniformly anomalous at 54 - 97 ppm.

A ground EM survey was carried out, in order to define RC drilling targets. A conductive horizon has been defined, with a strike length of 700m, and steep ENE dip. The southern termination of the conductor is inferred to be the Moriarty Shear Zone. The target is not coincident with the previously defined aeromagnetic targets. Aircore and RC drill follow up is required. Target concepts include:

- a) Silver Swan-style nickel sulphides.
- b) If felsic host rocks, Nimbus-style silver-zinc-gold.
- c) If shear zone setting, gold quartz vein system.

2.3 Kanowna East

Heron 100%.

Gold - nickel.

Previous drilling data is being reassessed in order to define RC drilling targets. The drilling program will most likely be implemented in conjunction with RC drilling planned at Silver Swan North.

There is currently very active gold exploration on adjoining tenements.

2.4 Gindalbie East

Heron 100%.
Gold - nickel.

Soil geochemistry on a 200m x 50m GPS grid has been completed at the **Garibaldi Prospect**. Gold results are awaited. An arsenic anomaly of 139-233ppm requires RAB follow up, as do low order Ni-Cu-Co anomalies.

Geological reconnaissance at Garibaldi has located intense carbonate-pyrite alteration of the mafic host rock. This alteration signature, along with quartz veining, indicates favourable settings for gold mineralisation. The bedrock succession is intensely lateritised, with known cobalt occurrences in the immediate area. Potential is felt to exist for lateritic nickel occurrences.

An additional tenement at Kalpini (E27/129) is to be acquired from Dundas Mining Pty Ltd. The tenement adjoins Heron's **Kalpini Prospect** (E27/170).

Six Prospecting Licences at Wellington North (27/1448 - 1453) which adjoin E27/129 were acquired from GHK Mining Pty Ltd. The area is currently subject to active nickel exploration on adjoining tenements. Joint venture proposals for the prospect area are currently being assessed. Heron is however likely to complete initial exploration prior to making a farm out decision.

Heron, with MPI, Mount Kersey Mining NL and Gindalbie Gold NL, is becoming a major tenement holder in the Gindalbie region.

2.5 Mount Morgans Project

Heron 100%.
Nickel - gold.

Multi-client aeromagnetics is being acquired in order to identify sand-covered mafic-ultramafic suites. A contractor has been appointed to carry out grid vacuum drilling.

Two additional tenements (E38/831, 832) at Hawks Nest to the east have been acquired. The acquisition ground is south along strike from the former Windarra nickel mine.

2.6 Edjudina Project

Heron 100%.
Gold.

a) Yarri Prospect

A resource of 240,000t at 2.64 g/t Au has been previously estimated at Yarri. Historical production grades through the Yarri Battery were 10.1 - 15.9 g/t Au. Heron has two target concepts for Yarri:

- i) Bulk tonnage - low grade sheeted vein system beneath the historic workings, suitable for open pit mining; and

- ii) Narrow high grade 5 - 10 g/t lodes down dip below those historically mined by underground methods. The main lode system has a 2,500m strike length with extensive shaft workings. The development target for Heron is to identify a 1,000m strike length vein system with 2.5m minimum stope width, mineable by mechanised bulk methods to a 200m depth.

Survey and pick up of old drill holes and workings has been completed.

A Surpac drill data base has been established, to compile all existing exploration data. In general, the previous drill assays show poor correlation between holes, and lode interpretations fail to conform with mapped stope geometries.

In order to continue to advance the property, it was decided to block out the zone of historical gold workings on a 200m x 40m drilling grid. The aim was to generate geological models for the Yarri prospect, to assist in the interpretation of previous drilling. A total of 14 RC holes were completed, for 1,496 metres at an average depth of 106.9 metres.

Best intersection was YRC5, 34-38m, 4m at 4.39g/t Au. There appears to be a coarse gold problem, with moderate assay variation between replicates. Accordingly, screen fire assaying is being carried out on drill intervals with good visual lode, but low assays.

Although quartz veining and alteration was intense, assay results tended to be lower than those returned from shallow drilling during the 1980s.

Blanket soil geochemical surveying has been completed over the Yarri Prospect. From initial results received, a very strong soil gold anomaly is present in a soil covered area north of the old workings. The anomaly is 20-1370ppb Au, against a 4ppb Au background. On results to date, the anomaly width is 120-240m, and strike length is 400m. The anomaly will be tested with RAB drilling fences.

b) Webb Find Prospect

Soil geochemistry on a 400m x 100m GPS pattern has been completed. An anomaly of 4.1 - 20.9ppb Au against a 1.3ppb Au background has been defined. Old RAB holes located within the anomalous zone include up to 11m at 5.7g/t Au. Pattern RC drilling follow up is planned.

c) Regional

Several additional tenement applications have been lodged over ground adjacent to existing Heron tenements. There are several competing applications, which means ballots will ultimately determine ownership.

2.7 Mulgabbie Project

Heron 100%.

Gold.

Multi-client aeromagnetics is being acquired, to generate structural targets for soil geochemical follow up.

A major new land holding of 2419ha has been acquired at Mulgabbie West, consisting of Prospecting Licences 28/930-939, 31/1541-1545. The tenements are located to the west of the historical Mulgabbie Mining Centre, commencing approximately 2km SE of the Goldfields Exploration Twin Peaks gold prospect, and extending 18km SE.

The area is uniformly soil and laterite covered, adjacent the Keith Kilkenny Lineament. Initial field reconnaissance has confirmed the presence of intense regional shearing accompanied by quartz veining.

2.8 Karonie Project

Heron 100%.

Gold.

Multi-client aeromagnetics and open file data is being acquired.

2.9 Malcolm Project

Heron 100%.

Gold.

A new project area covering 2693ha has been acquired between Malcolm and Leonora, consisting of Prospecting Licences 37/5513-5529. The tenements are located at the NE margin of the Keith Kilkenny Lineament. Gold mining centres in the area include the Sundat mine to the immediate south, Sons of Gwalia to the west, and Raeside to the southwest. All of these mines are associated with the Keith Kilkenny Tectonic Zone.

2.10 Dundas Lake Project

Heron 100%.

Gold.

A new project area covering 2412ha has been acquired south of Norseman, adjacent to the Red White and Blue to Scotia gold lode trend.

The project area is lake covered. The exploration concept is palaeochannels adjacent to the outcropping gold mines, which occur both along strike to the north and south, and across strike to the west. Aeromagnetics indicate greenstone intruded by late tectonic granitoid. The geological setting is interpreted to be comparable to that of the Lady Bountiful Extended palaeochannel gold occurrences.

Exploration will consist of pattern Aircore drilling of the lake area, with possible seismic surveying to locate channel occurrences.

I J BUCHHORN
MANAGING DIRECTOR