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The Company Announcement Officer
Australian Stock Exchange Limited
Post Office Box H224 - Australia Square
SYDNEY NSW 2000

Dear Sir / Madam

RE: HERON RESOURCES NL
QUARTERLY REPORT FOR PERIOD ENDING 30 JUNE 1998

1.0 SUMMARY

- During the June 1998 Quarter, 406 RC drill holes were completed on a 400x40m pattern for an advance of 18,217m.
- The 0.5 % Ni cut-off low grade Inferred Resource outlined for the Kalpini Nickel Project and associated satellite deposits at June 1998 is **112 million tonne at 0.81% Ni and 0.06% Co**.
- Within the above low grade envelope, there occurs a 0.75% Ni cut-off medium grade Inferred Resource of **52 million tonne at 1.04% Ni and 0.08% Co**, including 41.8 million tonne at 1.08% Ni and 0.07% Co at Kalpini.
- Of particular significance for future project cash flow, persistent high grade intercepts were returned in the June Quarter drilling, including 23m at 2.10% Ni and 0.17% Co, 22m at 1.20% Ni and 0.07% Co, 20m at 1.29% Ni and 0.09% Co, 21m at 1.44% Ni and 0.05% Co, and 24m at 1.23% Ni and 0.08% Co.
- Detailed multi-element geochemical studies were completed and ore styles categorised. A metallurgical evaluation has commenced, with three bulk samples selected which reflect mining start-up ore types. From initial studies, the Kalpini ore types appear to be comparable to other published Eastern Goldfields nickel laterites.
- The favourable Kalpini komatiite unit has a very distinctive geochemistry and outcrop expression, which has facilitated Heron acquiring all mapped occurrences of the unit within the Kalpini district. Heron now has a 100%-ownership of the total 30km strike length belt.
- Sufficient tonnage for a 2 million tonne pa 20 year mine life is already demonstrated at Kalpini. The medium term target is now however to delineate an 80 million tonne resource using Kalpini with satellite deposits, for a 4 million tonne pa operation with a 20 year mine life. Heron's Keith Kilkenny exploration portfolio is such that this is a realistic exploration target.
- With metal production imminent for the three first tier Eastern Goldfields laterite nickel operations, the new technologies available to second tier laterite nickel developers such as Heron will be quantified. This should result in an improved market awareness for Heron.
- The Company's West Kalgoorlie offices were kindly opened by Hon Julian Grill MLA on 22 May 1998, at a function attended by Hon Graeme Campbell MHR, Senator Ross Lightfoot and 70 Kalgoorlie Heron shareholders. Heron now employs five Geologists in Kalgoorlie,

2.0 EXPLORATION REVIEW

2.1 *Emu Fault Province*

2.1.1 *Kalpini Project*

Heron 100%
Nickel (- gold)

The Kalpini Nickel Project has been confirmed as the Company's development focus. Acquisition of tenements was completed between March and June 1998, such that Heron now has a 100%-ownership of a 30km strike length komatiite belt which contains pervasive lateritic nickel mineralisation.

The Company has advanced the Kalpini Nickel Project from a soil geochemical anomaly in February 1998, to a drilled Inferred Resource of 41.8 million tonne at 1.08% Ni and 0.07% Co in June 1998.

The excellent continuity of mineralisation suggests the current resources in part have an Indicated status. The ore zone continuity was confirmed with 80x40m drilling patterns in selected areas early in the evaluation drilling.

Sixteen separate pits have been identified, with Inferred Resource potential as follows:

Table 1							
Kalpini Inferred Resource Inventory (0.75% Ni Cut-Off)							
Pit	Strike km	Width km	Million Tonnes	Ni %	Co %	Ni2Co %	
Acra North 1a	1.7	0.10	1.902	1.01	0.089	1.19	
Acra North 1b	0.5	0.13	0.749	1.02	0.096	1.21	
Acra North 1c	0.6	0.13	0.845	0.96	0.079	1.12	
Acra North 1d	1.9	0.15	3.482	0.95	0.063	1.08	
Acra North 2a	1.7	0.16	5.120	1.31	0.068	1.45	
Acra North 2b	0.5	0.08	0.102	1.08	0.017	1.11	
Acra North 2c	0.8	0.12	0.486	1.05	0.053	1.16	
Wellington East 3	2.5	0.20	3.507	1.04	0.068	1.18	
Wellington East 4	3.6	0.16	6.996	1.18	0.068	1.32	
Wellington East 5	1.2	0.24	1.599	1.21	0.098	1.41	
Wellington East 6a	1.0	0.16	2.739	1.03	0.094	1.22	
Wellington East 6b	0.4	0.16	0.205	0.92	0.092	1.10	
Wellington East 6c	3.0	0.20	6.586	1.03	0.059	1.15	
Wellington East 8	2.3	0.30	4.685	0.97	0.097	1.16	
Wellington Fold 9	1.1	0.20	1.303	0.91	0.096	1.10	
Wellington North 10	0.8	0.20	1.510	1.04	0.059	1.16	
Total			41.816	1.08	0.074	1.23	

Minimum thickness is 2.0m, and maximum internal waste is 4.0m. Grades for ore block definition are dependent on Ni only. Visual ore definition is excellent, such that mining dilution could well be less than 10%. Most of the ore body would be mined on 4m benches, such is the continuity and thickness of mineralisation.

It is felt from drill chip logging that a Specific Gravity (SG) range of 1.3 (clay) to 2.25 (saprock) will ultimately be delineated by geotechnical studies. For the purpose of the current scoping study, an average SG of 1.6 has been utilised. This compares with available published Eastern Goldfields data.

Significant drill results in the June Quarter at a 0.75% Ni cut-off (and 5.0 metre x Ni% cut-off) :

KALPINI NICKEL PROJECT									
Significant nickel intersections, 0.75% Ni cut-off and >5.0 metre x %Ni									
Zone	Hole No	North m	East m	From m	To m	Interval m	Ni %	Co %	Ni2Co %
2a	ANRC021	29200	6640	9	17	8	1.20	0.061	1.32
2a	ANRC026	29200	7040	2	22	20	1.17	0.021	1.21
2a	ANRC028	28000	7520	4	14	10	0.89	0.029	0.95
2a	ANRC030	28000	7680	17	40	23	2.10	0.171	2.44
2a	ANRC032	28000	7640	2	11	9	1.11	0.025	1.16
1a	ANRC036	27600	7840	2	23	21	1.07	0.045	1.16
1a	ANRC037	27600	7880	5	13	8	0.83	0.018	0.86
1a	ANRC041	27200	7920	3	26	23	1.07	0.048	1.16
1a	ANRC041	27200	7920	29	39	10	1.02	0.019	1.06
1a	ANRC045	26800	8240	14	23	9	0.89	0.068	1.03
1a	ANRC050	26400	8480	27	38	11	0.97	0.140	1.25
1a	ANRC059	25600	9360	29	47	18	0.93	0.118	1.16
1a	ANRC066	25600	9280	19	27	8	1.12	0.106	1.33
1a	ANRC066	25600	9280	45	57	12	1.40	0.051	1.50
1b	ANRC068	25200	9360	25	36	11	1.04	0.055	1.15
1a	ANRC071	25200	9840	12	21	9	0.83	0.066	0.97
1a	ANRC072	25200	9920	12	18	6	1.07	0.153	1.38
2a	ANRC078	29200	7000	5	13	8	0.86	0.027	0.91
2a	ANRC079	29200	7080	6	28	22	1.20	0.069	1.34
1a	ANRC082	27600	7800	14	24	10	0.85	0.057	0.97
1a	ANRC085	27200	7960	0	8	8	0.85	0.043	0.94
1a	ANRC087	26400	8440	44	48	4	0.75	0.030	0.81
1a	ANRC089	26400	8600	21	29	8	0.77	0.135	1.04
1a	ANRC091	25600	9240	23	31	8	0.86	0.075	1.01
1b	ANRC094	25200	9240	23	31	8	0.78	0.094	0.97
1b	ANRC095	25200	9320	25	30	5	1.13	0.030	1.19
1b	ANRC096	25200	9400	27	36	9	1.02	0.096	1.21
1a	ANRC097	25200	9800	23	32	9	0.96	0.083	1.12
1a	ANRC098	25200	9880	11	19	8	0.80	0.067	0.93
1a	ANRC100	26000	8440	24	40	16	0.94	0.078	1.10
1a	ANRC102	26000	8520	22	31	9	1.04	0.124	1.28
6a	WERC060	43035	4379	21	35	14	1.14	0.095	1.33
6a	WERC062	42805	4419	6	12	6	1.23	0.105	1.44
6a	WERC064	42802	4499	7	13	6	1.11	0.206	1.52
6a	WERC065	42801	4540	12	20	8	0.93	0.148	1.23
6a	WERC066	42801	4579	30	43	13	1.17	0.109	1.38
6c	WERC072	46400	3641	36	43	7	0.97	0.041	1.06
6c	WERC079	45201	3918	17	32	15	1.10	0.055	1.21
6c	WERC080	45202	3998	26	37	11	1.07	0.062	1.19
6c	WERC083	45202	3962	14	32	18	0.94	0.047	1.03
6c	WERC086	45606	4001	19	29	10	0.95	0.073	1.10
6c	WERC101	44399	4081	28	40	12	1.59	0.013	1.62
5	WERC122	41321	5000	19	26	7	1.11	0.056	1.22
5	WERC123	41318	5040	22	28	6	1.24	0.049	1.34
5	WERC125	41333	5121	30	34	4	1.26	0.201	1.66
5	WERC127	41200	4982	26	33	7	0.81	0.102	1.01
5	WERC133	40803	5243	31	46	15	1.60	0.176	1.95
4	WERC140	39601	5320	35	44	9	0.97	0.039	1.05
4	WERC148	38800	5566	28	43	15	1.65	0.177	2.01

KALPINI NICKEL PROJECT									
Significant nickel intersections, 0.75% Ni cut-off and >5.0 metre x %Ni									
Zone	Hole No	North m	East m	From m	To m	Interval m	Ni %	Co %	Ni2Co %
4	WERC151	38402	5539	26	36	10	1.69	0.055	1.80
4	WERC153	38402	5697	24	39	15	1.31	0.125	1.56
4	WERC158	38240	5641	15	21	6	1.75	0.023	1.79
4	WERC164	38154	5600	41	47	6	1.16	0.033	1.22
4	WERC165	38156	5639	21	41	20	1.29	0.089	1.47
4	WERC166	38159	5679	26	42	16	1.44	0.024	1.49
4	WERC167	38159	5719	11	39	28	1.11	0.050	1.21
4	WERC168	38162	5759	23	30	7	0.78	0.024	0.83
4	WERC173	38000	5678	15	20	5	1.36	0.033	1.43
4	WERC173	38000	5678	25	30	5	1.28	0.017	1.32
4	WERC175	38000	5760	14	20	6	1.11	0.124	1.36
4	WERC175	38000	5760	23	27	4	1.53	0.067	1.66
4	WERC176	38000	5799	17	25	8	1.13	0.035	1.20
4	WERC180	37601	5639	15	20	5	1.09	0.083	1.25
4	WERC180	37601	5639	24	37	13	1.05	0.085	1.22
4	WERC181	37599	5717	6	20	14	1.10	0.060	1.22
4	WERC182	37598	5801	16	37	21	1.44	0.046	1.53
4	WERC184	37195	5659	2	8	6	0.83	0.021	0.87
4	WERC185	37199	5738	19	28	9	0.85	0.092	1.03
4	WERC186	37200	5818	17	24	7	1.15	0.050	1.25
3	WERC204	35200	6000	10	21	11	0.82	0.093	1.01
3	WERC214	34400	5900	18	26	8	1.54	0.275	2.09
3	WERC217	34000	5800	21	30	9	0.99	0.100	1.19
4	WERC221	38397	5498	23	35	12	1.23	0.122	1.47
4	WERC225	38805	5526	31	55	24	1.23	0.077	1.39
5	WERC231	40401	5042	23	36	13	1.13	0.039	1.21
5	WERC241	41197	5182	29	34	5	1.03	0.048	1.13
4	WERC249	37200	5778	15	23	8	0.99	0.072	1.14
4	WERC253	37598	5679	16	24	8	1.18	0.032	1.25
4	WERC254	37599	5761	13	34	21	1.13	0.066	1.27
6a	WERC256	42398	4421	20	30	10	0.94	0.090	1.12
6a	WERC258	42394	4584	20	32	12	1.09	0.218	1.52
6a	WERC260	42803	4339	12	21	9	0.81	0.037	0.88
6c	WERC271	44404	3957	7	17	10	1.06	0.066	1.19
6c	WERC272	44415	4039	12	17	5	1.09	0.092	1.28
6c	WERC276	44816	3957	19	26	7	1.41	0.068	1.55
6c	WERC281	45206	4119	12	21	9	0.96	0.075	1.11
6c	WERC288	46003	3762	24	32	8	1.05	0.025	1.10
8	WERC300	47599	2920	21	29	8	1.17	0.204	1.58
8	WERC310	48001	2721	18	28	10	0.87	0.060	0.99
8	WERC312	47997	2884	16	25	9	0.92	0.370	1.66
8	WERC314	48011	3042	16	32	16	1.02	0.103	1.23
8	WERC316	48404	2443	16	24	8	1.10	0.092	1.28
8	WERC320	48401	2761	22	32	10	0.93	0.049	1.02
8	WERC324	48798	2283	23	31	8	0.77	0.051	0.88
6a	WERC331	42396	4541	25	35	10	0.89	0.034	0.96
6a	WERC332	42401	4627	22	38	16	1.16	0.084	1.32
3	WERC333	34000	5680	9	22	13	0.83	0.039	0.91
3	WERC336	34400	5860	2	12	10	1.14	0.025	1.18
3	WERC336	34400	5860	25	38	13	1.08	0.025	1.13
3	WERC337	34400	5940	23	33	10	0.94	0.033	1.00
3	WERC339	34800	5960	13	24	11	1.27	0.082	1.43

Detailed multi-element geochemical studies were completed. These have implications for the current metallurgical programs, and for future grade control and ore blending requirements. Dominant ore types and their geochemistry appear to be:

REGOLITH	CODE	%MgO	%FeO	%Al ₂ O ₃	%Ni	%Co
Clay Upper Ferruginous	CUF	1-5	25-40	5-15	0.3-1.5	0.02-0.15
Clay Upper Pyrolusitic	CUP	1-5	+40	10-15	1.0-2.0	0.10-0.50
Clay Upper Nontronitic	CUN	5-10	5-15	5-15	0.3-1.0	0.02-0.03
Clay Upper Siliceous	CUS	5-10	5-15	1-5	0.2-0.6	0.01-0.03
Clay Lower Ferruginous	CLF	10-20	20-30	5-10	0.6-1.8	0.05-0.30

Metallurgical assessment of the mineralisation is current, with a prime objective being to ascertain whether the visible silica in ore zones can be screened out for grade optimisation. "Clay Upper Siliceous" ore has up to 60% visible silica, so good potential exists for upgrade of this ore style in particular.

All replicate and duplicate sampling to date has confirmed good analytical precision, as would be expected for most types of supergene mineralisation. Quality control has not yet demonstrated any potential grade control problems.

2.1.2 *Transline Project*

Heron 100%
Nickel-gold

Further Exploration Licence applications have been lodged targeting Bulong-style lateritic nickel, as part of sourcing satellite ore feed for Kalpini.

2.2 **Scotia Kanowna Province**

2.2.1 *Scotia Kanowna Project*

Heron 100%.
Nickel - gold

The project adjoins the Golden Cities-Federal granitoid gold province. Gold targets in the project area are likely to be offered for farm-out. All nickel rights are to be retained by Heron.

A lateritic nickel assessment is current. Digital data was received from former joint venture manager MPI, and is being processed.

The Silver Swan North tenements were surrendered and amalgamated into the Scotia Kanowna Project tenements.

2.2.2 *Menzies East Joint Venture Project*

Heron 100%. Golden State Resources right to earn 60%
Gold - nickel

Gold and arsenic anomalism was identified in Golden State's soil sampling, with maximum values of up to 330 ppb Au in the NW part of the prospect area.

A reconnaissance RAB drilling traverse of 50m spaced holes was completed across part of the soil gold anomaly, and east of a black shale marker unit.

Altered fuchsite-carbonate-arsenopyrite-quartz rocks were intersected by the RAB drilling. Gold and arsenic anomalism increases towards the western end of the drilled traverse and is open in that direction towards the black shale unit.

This represents a target for follow up investigation, since the black shale is a likely locus for shearing.

Golden State is evaluating the results of the drilling programs and compiling a very detailed regional evaluation.

2.2.3 Kanowna East Project

Heron 100%
Gold - nickel

Farm-out of the project is being sought.

2.3 Keith Kilkenny Province

2.3.1 Edjudina Project

Heron 100%
Nickel - gold

Regional

The Company has been appraising and acquiring various tenements in order to generate contiguous tenement holdings over its nickel laterite targets.

Several Exploration Licence applications on ultramafic nickel targets were lodged within the Keith Kilkenny Tectonic Zone, notably in areas adjoining the Duck Hill nickel laterite occurrence.

Boyce Creek Lateritic Nickel Prospect

The Boyce Creek prospect area covers part of the mafic-ultramafic sequence marginal to the Keith Kilkenny Rift.

RC drilling by Heron on a 400 x 80m pattern is to commence during the September Quarter, to quantify previously identified nickel laterite resources.

2.3.2 Mulgabbie Project

Heron 100%
Nickel - gold

Lake Rebecca Lateritic Nickel Prospect

The project area covers mafic to ultramafic units of the Mulgabbie Formation striking NNW along the southern shores of Lake Rebecca.

Bass Strait Oil and Gas NL in the early 1980s defined a global resource of 27 million tonnes at 0.75% Ni with Co credits. Heron intends to drill out this resource during the September Quarter to locate high grade pods as a potential satellite ore feed for a future Kalpini processing operation.

Mulgabbie West Prospect

Heron's tenements adjoin and are along strike of the Old Plough Dam - Khartoum mineralised trend (recent one million ounce gold discovery). Farm-out has been agreed in principle, with a major explorer having the right to earn 60% in the prospect.

2.3.3 Karonie South Project

Heron 100%
Gold - nickel

An additional Exploration Licence application immediately south of the French Kiss gold discovery has been lodged. Farm-out of the 1,000km² gold project area is being sought.

2.4 Mungari Province

2.4.1 Mungari Northwest Joint Venture Project

Heron 100%, Kundana Gold right to earn 50%
Gold

The project area is NW along strike from the Mines and Resources Australia-Mineral Commodities White Foil one million ounce gold discovery.

Kundana Gold have completed detailed mapping and blanket soil auger geochemistry. A total of 3,615 auger holes having been drilled on the project tenements with 156 returning gold values above 10ppb.

Four of six anomalous areas have been followed up with 225 RAB holes for 11,083 metres. One hole has intersected gold above 0.1ppm, and 31 holes have intersected 10ppb or better. The recent gold discoveries in the area are characterised by intense surface depletion, so even low order regolith gold anomalies require systematic follow-up.

Further drilling, on both the untested anomalies and to in-fill first pass drilling, is planned by Kundana Gold.

2.5 Leonora Laverton Province

2.5.1 Laverton Joint Venture Project

Heron 100%. Metex right to earn 70%.
Gold - nickel

Aeromagnetic and vacuum drill interpretations were completed. Excellent gold discoveries have recently been announced by Metex-Delta Gold within their Chatterbox Shear Zone project, immediately east of the Heron joint venture ground.

2.5.2 Mount Morgans Joint Venture Project

Heron 100%. Metex right to earn 70%
Gold - nickel

Open file, aeromagnetic and DEM interpretations were completed and targets defined.

2.5.3 Malcolm Project

Heron 100%
Gold - nickel

Farm-out of the project is being sought. Recent gold exploration success in adjoining areas confirms the area's gold prospectivity.

2.5.4 *Victory Project*

Heron 100%
Nickel - gold

Farm-out discussions are current for the Doyle Well prospect.

2.5.5 *Merolia Project*

Heron 100%
Nickel - gold

High priority lateritic nickel targets have been defined. Heron's exploration priorities at this stage are however at Kalpini.

2.6 *Menzies Leonora Province*

2.6.1 *Menzies Leonora Project*

Heron 100%
Nickel - gold - diamonds

Additional Exploration Licence applications were lodged at Lawrence Find, to consolidate the existing ground holding.

2.7 *Ida Fault Province*

2.7.1 *Snake Hill Joint Venture Project*

Heron 100%. Connemara right to earn 70%
Gold - nickel

Drilling was again delayed, due to recent heavy rainfall.

2.7.2 *Blister Dam Project*

Heron 100%.
Gold - nickel

The project area is located 100km NW of Kalgoorlie on the Zuleika Shear Zone within an area of extensive gold mining activity.

Drilling was undertaken by previous joint venture manager Normandy Exploration prior to their withdrawal from the Kalgoorlie region. BLEG soil anomalies and structural targets interpreted from high resolution aeromagnetic data were tested. The structural/magnetic targets are located along the Zuleika Shear, being N to NE trending faults cross-cutting the Zuleika Shear. Drilling primarily targeted these faults and the NW termination of a graben containing Kurrawang Formation conglomerates.

A total of 102 Aircore holes (BDA17-118) were drilled for an aggregate of 6,145m with an average hole depth of 60m. A total of 1,777 four metre composite samples were submitted for analysis of gold and base metals.

To the north of the Zuleika Shear mafic rocks were found to be the dominant lithology. Ultramafic rocks were typically altered to talc-chlorite or talc-carbonate and were variably foliated. The exact location of the Zuleika Shear was difficult to determine and it is considered more likely to be a series of discrete shears in a zone up to 500m wide.

The majority of anomalous intercepts were hosted by ultramafics. Anomalous results include:

BDA49	32 - 36m	4m at 0.23g/t Au
BDA86	52 - 56m	4m at 1.18g/t Au
BDA22	68 - 77m	9m at 0.52g/t Au (includes 1m at 0.85g/t Au at EOH)
BDA112	52 - 80m	28m at 0.34g/t Au
BDA27	24 - 28m	4m at 1.25g/t Au

BDA86 was located in ultramafic rocks north of the interpreted position of the Zuleika Shear. The anomalous sample (1.18g/t Au) was taken from lower saprolite clays close to the base of oxidation, in a mafic intrusive rock.

Hole BDA22 intersected a shear zone in ultramafic rocks. The upper saprolite was found to be strongly leached in this area with values ranging from 1 to 7ppb Au. The best intercept in BDA22 was from strongly foliated saprock in the end of hole sample. The increase in grade at the base of hole is encouraging.

The weathering profile in BDA112 is deeper than the adjacent holes with saprock intersected at 85m. A quartz-sericite-biotite-pyrite schist intersected in the bottom of hole sample was interpreted to be an altered meta-arkose or felsic/intermediate porphyry. Pyritic quartz veins were intersected sporadically down the hole. The best result was 4m at 0.64g/t Au. The hole was consistently anomalous over the lower 40m.

Anomalous gold values within the cover sequence were found to be fairly common. Some of these values may be caused by mobilisation of gold from the bedrock into the lower part of the cover sequence. The higher values were found to be typically associated with gravel and sands in palaeochannels at the base of the cover. Origin of gold in these channels is unknown.

Farm-out of the project is being sought.

2.7.3 Bullabulling Project

Heron 100%
Nickel - gold

Farm-out discussions are current.

2.7.4 Frances Lesley Project

Heron 100%
Nickel - gold

The project area is located 100km NW of Kalgoorlie, within an area of active gold mining operations at Carbine and Davyhurst.

Additional Exploration Licences have been lodged, to consolidate the Company's tenement holding. High priority nickel sulphide exhalative targets have been generated by Heron, which have attracted joint venture interest.

2.7.5 Yilmia, Hill, Cowan Projects

Heron 100%
Nickel - gold

Exploration Licence applications are awaiting grant.

2.8 Kambalda Domain Province

2.8.1 Binduli East Joint Venture Project

Heron 100%. MPI Gold right to earn 70%
Gold - nickel

This 16km² contiguous tenement holding straddling the Abattoir Shear is located 5km SW of Kalgoorlie.

MPI Gold has commenced field exploration with the acquisition of aeromagnetics, regolith mapping and completion of soil auger sampling of structural/dolerite targets.

An additional Exploration Licence was acquired, covering a documented nickel sulphide occurrence.

2.8.2 Mount Martin Project

Heron 100%
Nickel - gold

Tenement applications have been lodged on favourable structural and ultramafic targets in the area of the Blair nickel, Mount Martin gold-nickel and New Celebration gold mines. Tenement grant is awaited.

2.9 Southern Cross Province

2.9.1 Bungalbin Project

Heron 100%
Nickel - iron ore - gold

The area is east along strike of the Marda gold mining centre, within an area of pervasive laterite cover. Bulk tonnage iron resources are present.

Lateritic nickel potential is indicated from open file searches. On the basis of this work, additional Exploration Licence applications have been lodged. Heron exploration priorities however remain the drill evaluation of Kalpini satellite resources.

2.10 Gawler Craton Province

2.10.1 G2 Project

Heron 100%
Gold - copper - uranium - diamonds

Farm-out of the project is being sought, to drill test high priority magnetic targets generated by Heron.

I J BUCHHORN MANAGING DIRECTOR

The information is based on, and accurately reflects, information compiled by Ian James Buchhorn, who is a Member of the Australasian Institute of Mining and Metallurgy.

Glossary of Terms

“Aeromagnetic Survey” means a survey made from the air, recording variations in the earth’s magnetic field.

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

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

“Aircore drilling” means a rotary drilling technique which uses compressed air to cut a core sample and return core fragments to surface inside the drill rods. The drill sample quality is generally good.

“Au” means gold.

“Co” means cobalt

“Cu” means copper.

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

“g/t” means grams per tonne.

“Granitoid” means a family of coarse-grained igneous rocks that contain abundant quartz and feldspar.

“Helimag” means an aeromagnetic survey flown by a helicopter.

“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 rock type is prospective for lateritic nickel.

“Adcumulate” means a rock with little or no intercumulus material and characterised dominantly by anhedral crystals. This rock type is regarded as prospective for nickel laterite mineralisation.

“m” means metres.

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

“MMI” means the Mobile Metal Ion Process™, which is a partial extraction soil geochemical technique considered to be very effective for nickel and gold exploration.

“Ni” means nickel.

“Olivine” means a magnesium-iron silicate mineral, often occurring in rocks prospective for nickel.

“prospect” means a target upon which exploration programs are planned or have commenced.

“project” means a grouping of prospects within a 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 (1g/t equals 1ppm, and 1000ppb equals 1ppm).

“RAB drilling” means the drilling technique in which a sample is returned to surface outside the rod string by compressed air. The drill sample may be subject to some degree of contamination.

“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. The drill sample quality is generally superior to RAB.

“Shear Zone” means a zone in which crushed rock has been produced by the action of a shearing stress as on a fault. This setting is often favourable for the occurrence of gold mineralisation.

“Specific Gravity” is the mass per unit volume of material, usually in reference to ore and waste.

“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.