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31 January 2000

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

Dear Sir / Madam

HERON RESOURCES LIMITED, QUARTERLY REPORT, PERIOD ENDING 31 DECEMBER 2000

QUARTER HIGHLIGHTS

- *Heron has been holding preliminary discussions with WMC regarding the opportunity for nickel refining at Kwinana. This represents an opportunity to optimise the capital expenditure of a future Heron nickel laterite operation through access to WMC's established nickel infrastructure.*
- *Drilling at the Goongarrie Nickel Project continued to return the highest Ni-Co grades documented for an Australian nickel laterite deposit. Intercepts for the Quarter at a 0.75% Ni cut-off include:*

GSRC672	42m at 1.25% Ni and 0.22% Co from 49m
GSRC870	43m at 1.39% Ni and 0.19% Co from 20m
GSRC876	46m at 1.48% Ni and 0.11% Co from 12m
GSRC891	40m at 1.51% Ni and 0.11% Co from 17m
GSRC892	36m at 1.45% Ni and 0.14% Co from 18m
- *Indicated and Inferred Mineral Resource at a 0.75% Ni cut-off for the Goongarrie-Ghost Rocks-Kalpini and satellite nickel projects is currently 180 million tonne at 1.05% Ni and 0.08% Co .*
- *Bonanza grade resources have been identified which are being targeted for supplying Heron's Caruse Stage I toll milling entitlements:*

Goongarrie Hill Screening Ore	2.2 million tonne at 1.7% Ni and 0.14% Co
Goongarrie South Grind Ore	1.2 million tonne at 1.7% Ni and 0.72% Co
- *Resource Definition drilling has been completed at Goongarrie, with all mineralised zones having now been drilled on an 80x80m pattern. Accordingly, 74% of the Goongarrie Project resource now conforms to the Indicated Mineral Resource category, providing Heron with a high level of confidence in terms of high grade ore continuity.*
- *Metallurgical testing of 14 composites of Diamond Drill core is ongoing, returning excellent results.*
- *The Heron joint ventures through their free-carry and royalty provisions are showing potential to generate significant assets for the Company, notably the Yundamindera Flash soil gold target (peak soil value 290,000ppb Au) and Bungalbin Iron Ore Royalty.*
- *To help implement the Company's future objectives, Heron has converted from a No Liability to Limited Liability status with an associated change of name to Heron Resources Limited.*

I. SUMMARY

Cause Stage II Bankable Feasibility Study

- As at 31 December 2000, the total undiluted **Inferred and Indicated Mineral Resource** at a 0.75% Ni cut-off is **180 million tonne at 1.05% Ni and 0.08% Co**.

Heron's total **Inferred and Indicated Mineral Resource** above a 0.5% Ni cut-off is **406 million tonne at 0.8% Ni and 0.06% Co**. Substantial additional resource potential exists on tenements awaiting grant.

- Work by Heron continues to be focussed on advancing Heron's contribution to the Cause Stage II BFS:
 - Reverse Circulation drilling for the Quarter amounted to 239 holes drilled at the Goongarrie, Scotia Dam and Siberia Prospects for an advance of 7,650 metres. Total project drilling is now 50,831m.
 - Metallurgical testing of 14 composites of Diamond Drill core is ongoing with excellent results to date (Siliceous Ore 29%-84% upgrade and 204-305kg/t acid consumption, Limonite Ore 0-48% upgrade and 204-343kg/t acid consumption).
 - Flora, fauna, ethnographic and archaeological surveys have been completed.
 - Hydrological monitoring bores were established and baseline observations in progress.

Non-nickel Joint Ventures

- Three Joint Venture Heads of Agreement have been progressed during the Quarter. Heron has in operation or has offers on the table involving some 21 Joint Ventures and alliances.

At **Yundamindera Flash Gold Prospect**, joint venture partner Gutnick Resources identified two significant N-S soil gold anomalies each over a 5km strike. The anomaly is an extension to the historic Gardners Find workings, where previous Heron sampling yielded gold values to 6.4g/t. The soil gold anomaly is defined by a threshold value of 15ppb against a background of <4ppb, with peak values to 114ppb in an area of intense surface disturbance through metal detecting. A follow up program indicated near surface gold development, with peak gold values including 290,000ppb (290g/t) and 3,970ppb (3.97g/t).

- During the Quarter, Joint Venture partners have completed:
 - 50 Aircore drill holes at Karonie South.
 - 1,226 Auger soil samples at Binduli East.
 - 136 RAB drill holes completed for 4,175m, producing 1,044 samples for assay at Edjudina.
 - 375 Vacuum Auger soils at Scotia Kanowna.
 - Approximately 1,500 Auger and surface soil samples at Pinjin.
 - 536m of RAB and 110m of Aircore drilling at Menzies East.

Corporate

- In terms of asset optimisation and shareholder returns, Heron has during the December 2000 Quarter:
 - Continued discussions with WMC and other parties interested in developing nickel laterite assets.
 - Continued to farm out non-nickel projects, with Joint Ventures structured such that Heron is free carried to a Decision to Mine, and in most cases retain the nickel rights.
- Heron has had several approaches involving new and innovative commercial opportunities for its nickel laterite projects, which are a result of an increasing technical confidence in nickel laterites.
- Following Anaconda Nickel Limited withdrawing from its option to purchase a controlling share holding in Centaur Mining and Exploration Limited, Stephen Dennis from Anaconda has resigned as Centaur's Nominee Director of Heron, and Peter Lee has been re-appointed to Heron's Board.

Anaconda has lodged caveats over Heron's Strategic Alliance tenements, presumably pursuant to Anaconda and Centaur agreements. It is felt that Anaconda has no caveatable interest in the Heron tenements.

Resource Statement

On the basis of Heron 20x20m and 80x80m Resource Definition drilling, and 400m x 40-80m reconnaissance drilling, outcrop exposures, costeans and aeromagnetic interpretation, and assuming an in situ bulk density of 1.6 for predominant Limonite Ore and 2.0 for predominant Siliceous Ore, Heron's total Inferred and Indicated Mineral Resource inventory at a 0.75% Ni cut-off is:

Table 1								
HERON RESOURCES NL NICKEL PROJECTS								
Inferred And Indicated Mineral Resource Inventory, 0.75% Ni Cut-Off								
Project	Pit	SG	Strike	Width	Tonne	Ni	Co	Ni4Co
			km	km	Million	%	%	%
Goongarrie Hill	GN1	2.00	5.80	0.20	17.7	1.08	0.058	1.31
Goongarrie South	GN2	1.60	7.00	0.30	62.4	1.08	0.098	1.47
Scotia Dam	GN3	1.60	2.40	0.30	6.2	1.07	0.113	1.52
Siberia	SBI	1.6	1.60	0.24	4.3	1.04	0.075	1.60
Goongarrie					90.5	1.08	0.090	1.44
Ghost Rocks	GR1	2.00	3.00	0.08	5.8	0.91	0.120	1.39
Ghost Rocks	GR2	2.00	4.50	1.00	12.3	1.02	0.060	1.26
Ghost Rocks					18.0	0.98	0.079	1.30
Acra North	KA1	1.60	5.20	0.20	8.5	1.04	0.063	1.29
Acra North	KA2	1.60	3.60	0.16	2.3	1.03	0.086	1.37
Wellington East	KA3	2.00	2.00	0.16	3.9	1.04	0.078	1.35
Wellington East	KA4	2.00	3.20	0.20	8.1	1.17	0.069	1.45
Wellington East	KA5	1.60	1.70	0.24	1.4	1.23	0.102	1.63
Wellington East	KA6	1.60	5.00	0.24	9.8	1.04	0.070	1.32
Wellington East	KA7	0.00	0.40	0.16				
Wellington East	KA8	1.60	2.50	0.48	5.0	0.96	0.086	1.31
Wellington Fold	KA9	1.60	2.50	0.20	1.3	0.85	0.075	1.15
Wellington North	KA10	1.60	1.00	0.16	1.4	0.87	0.054	1.09
Kalpini					41.6	1.05	0.073	1.34
STRATEGIC ALLIANCE					150.2	1.06	0.084	1.39
Binti Binti	BB1	1.60	2.40	0.16	2.8	0.91	0.092	1.28
Acra	AC1	1.60	1.00	0.20				
Wyo Well	WW1	1.60	2.40	0.16	0.7	0.83	0.040	0.99
Gindalbie East					4.1	0.88	0.077	1.18
Lake Rebecca	LR1	1.60	2.20	0.30	11.6	1.15	0.078	1.46
Lake Rebecca	LR2	1.60	1.1	0.15	2.1	1.03	0.031	1.16
Lake Rebecca					13.6	1.13	0.071	1.41
Boyce Creek	YE1	1.60	1.00	0.20	6.4	0.93	0.087	1.27
Lady Byron	YE2	1.60	0.60	0.20	2.8	1.11	0.048	1.30
Aubils	YE3	1.60	0.8	0.2	2.9	0.99	0.096	1.37
Yerilla					12.1	0.99	0.080	1.30
NON STRATEGIC ALLIANCE					29.8	1.04	0.076	1.34
					180.1	1.05	0.082	1.38

Despite the high level of in-fill drilling and reduction of SG, the original 400x80m resource estimates have generally held up well, suggesting robust ore deposits.

2 EXPLORATION REVIEW

2.1 CAWSE STAGE II STRATEGIC ALLIANCE PROVINCE

Drilling programs were completed at Goongarrie South, Big Four and Scotia Dam. Drill holes were designed to upgrade the Mineral Resource status from Inferred to Indicated. **In the proposed main mining area at Goongarrie South, 74% of the resource is now classified as Indicated Mineral Resource.**

Following the completion of the 2000 drilling program Heron's Strategic Alliance Inferred and Indicated Mineral Resource inventory by category above 0.75% Ni cutoff is:

Table 2					
STRATEGIC ALLIANCE NICKEL LATERITE PROJECTS					
Medium Grade Inferred and Indicated Mineral Resource 0.75% Ni Cut-off					
Prospect	Category	Million Tonne	Ni%	Co%	Ni₄Co%
Goongarrie South	Inferred	16.1	1.05	0.07	1.33
	Indicated	46.3	1.10	0.10	1.51
	Sub-total	62.4	1.08	0.09	1.45
Goongarrie Hill	Inferred	15.9	1.09	0.06	1.33
	Indicated	1.8	0.98	0.04	1.14
	Sub-total	17.7	1.08	0.06	1.31
Scotia Dam	Inferred	1.2	1.06	0.18	1.38
	Indicated	5.0	1.07	0.12	1.55
	Sub-total	6.2	1.07	0.11	1.52
Siberia	Inferred	4.3	1.04	0.08	1.34
	Indicated	-			
	Sub-total	4.3	1.04	0.08	1.34
Ghost Rocks	Inferred	18.0	0.98	0.08	1.30
	Indicated	-			
	Sub-total	18.0	0.98	0.08	1.30
Kalpini	Inferred	40.1	1.05	0.07	1.38
	Indicated	1.5	1.12	0.06	1.37
	Sub-total	41.6	1.05	0.07	1.38
Strategic Alliance	Inferred	95.6	1.04	0.07	1.35
	Indicated	54.6	1.09	0.10	1.50
	Total	150.2	1.06	0.08	1.40

It is interesting to note the significantly higher grade of Indicated Resource compared to Inferred Resource.

Drilling Program and Project Development

In-fill Resource Definition drilling on an 80x80m pattern has now been finalised at the Goongarrie Nickel Project. In these areas resources calculated from drill holes on the 80x80m pattern continue to closely approximate the original 400x80m RC drill resource estimate.

Of particular encouragement is the good continuity of "bonanza grade" ore zones, which occur as linear 80-160m wide zones of up to 2km strike length. A structural control on high grade mineralisation is likely.

High Grade Resources for Cawse Stage I Processing

In terms of Heron's Strategic Alliance high grade nickel inventory, Indicated and Inferred Mineral Resource above a 1.5% Ni cut-off is currently **14 million tonne at 1.8% Ni and 0.16% Co**. Specific High Grade zones are as follows:

- **Goongarrie Hill**

The main high grade ore (Daphne Mina Zone) has a 2,000m strike length and is 80-160m wide. The high grade ore occurs between 9 and 12m vertical depth (3m average thickness), and has excellent upgrade characteristics, being termed Screening Ore.

Total resource at a 1.7% Nieq lower cut-off is **2.2 million tonne at 1.7% Ni and 0.14% Co** (2.3% Nieq, minimum 30% screen upgrade to 2.9% Nieq).

- **Goongarrie South**

The three main high grade zone strike lengths are 1,200m (Patricia Anne Zone), and 240m and 160m (Pamela Jean Zone). The high grade ore zones are typically 80m wide and occur between 31 and 35m vertical depth (4m average thickness). The ore style is Non-upgrade Cobalt Ore.

Total resource at a 3.2% Nieq lower cut-off is **1.2 million tonne at 1.7% Ni and 0.72% Co** (4.5% Nieq).

Pre-Feasibility Study

Metallurgical Testing

Lakefield Orestest metallurgical laboratory, Perth has completed a Pressure Acid Leach ("PAL") test program on fourteen half core geological bulk composites. Test work confirmed the excellent metallurgical characteristics of Heron's preferred Limonite ore type, indicating:

- An operating pulp density in excess of 33% will be achievable.
- Predicted acid consumption is 200-250kg/t, due to the ore's very low magnesia content, typically less than 1% MgO.
- PAL Ni and Co recoveries exceeding 95%.

Table 3 GOONGARRIE SOUTH PROSPECT Summary of Pressure Acid Leach Extractive Metallurgy.										
Sample Number	Ore Type	ROM Sample		Screened Sample		Pulp Density W/W %	PAL Leach (90 Minutes)		Acid In Leach kg/t	Residual Acid kg/t
		Ni %	Co %	Ni %	Co %		Ni Recov %	Co Recov %		
Preferred Limonite Ore Types										
GSMT1	CUF	1.29	0.18	1.52	0.08	33	96.4	92.8	248	39.1
GSMT3	CUP	0.99	0.22	1.15	0.10	33	98.3	95.3	276	46.2
GSMT5	CUP	1.37	0.14	1.36	0.10	33	97.1	95.0	281	43.1
GSMT8	CUF	1.39	0.03	1.71	0.02	33	96.5	83.1	239	38.6
GSMT9	CUF	0.88	0.03	0.96	0.02	33	97.9	62.0	315	44.1
GSMT10	CUP	1.36	0.20	1.45	0.09	33	95.6	92.8	304	38.3
GSMT11	CUF	0.89	0.06	0.94	0.05	33	95.5	81.5	343	44.4
GSMT13	CUP	1.50	0.67	1.33	0.24	33	98.6	97.0	270	45.7
Siliceous Ore Types										
GSMT2	CUS	0.63	0.04	1.07	0.08	33	94.6	94.2	305	32.2
GSMT14	CUS/F	1.09	0.09	1.62	0.09	33	97.3	93.6	204	38.6
High Magnesium Ore -types										

GSMT6	CLS	1.16	0.05	1.29	0.06	33	90.6	84.6	487	42.9
GSMT7	CLS	0.56	0.02	0.74	0.02	33	94.3	72.4	744	15.0
Mineralised Overburden										
GSMT4	CMZ	0.54	0.04	0.41	0.03	23	96.6	87.8	555	35.4
GSMT12	CUS	0.64	0.02	0.83	0.04	33	95.7	89.1	657	38.1

Four RC drill composite samples collected by Centaur from Goongarrie South have been submitted to Amtech Perth laboratory and samples from four Calweld drill holes drilled by Anaconda have been submitted to Lakefield Orestest Perth laboratory for continuous leach testing. Indications are that metallurgical performance is acceptable and consistent with other Walter Williams Limonite Ores however results have not yet been released.

Tenements

The Department of Minerals and Energy (“DME”) has required submissions from Heron that demonstrate whether or not Heron’s Goongarrie and Kalpini Mining Lease applications have had Native Title extinguished through pastoral enclosure pursuant to the Federal Court Miriuwung Gajerrong decision. Heron has complied, in all cases confirming enclosure.

Irrespective of Miriuwung Gajerrong outcomes, Heron has continued in good faith to pursue a Negotiated Settlement with Native Title Claimants.

Environmental

Consultants have completed a Flora and Fauna Survey of the entire Goongarrie project area. Aerial photography was flown and a corrected orthophoto image generated for baseline environmental studies. No issues involving high priority species of flora or fauna have been raised.

Rock Mechanics

Consultants have been retained to perform initial assessments of excavatability and traffickability of the of the Goongarrie South overburden and ore utilising the data from Diamond Drill core. Included in this study will be a review of the current approach to the stockpiling of clay-rich waste material.

2.1.1 Goongarrie Nickel Project

Heron 100%. Heron holds Toll Milling rights to process ore through Centaur’s Cawse Stage II. Nickel (-gold).

Goongarrie South Prospect

Reverse Circulation Drilling

RC drilling at Goongarrie South was aimed at closing off all open ore positions on an 80x80m grid. During the Quarter, 156 drill holes were completed for a total advance of 7,233 metres (GSRC670 to GSRC750, GSRC822 to GSRC896).

A selected test area was drilled on a close spaced 20x20m grid to produce continuity data for ore reserve calculations. The target area (GSRCo36) had a block grade of 1.08% Ni and 0.08% Co. The in-fill drilling returned a block grade of 1.25% Ni and 0.11% Co at a significantly higher tonnage estimate. This confirms good ore zone continuity at high grade.

Drilling continues to produce thick, laterally continuous, low strip ratio, and exceptionally high-grade intercepts of nickel and cobalt mineralisation at depths between 4 and 91 metres.

Table 4 GOONGARRIE SOUTH PROSPECT RC Drilling Significant Interceptions, 0.75% Ni Cut-Off									
Hole Number	North m	East m	From m	To m	Interval m	Ni %	Co %	Ni4Co %	Ni4Co M%
GSRC672	70,480	2,720	49	91	42	1.25	0.223	2.14	90.09
GSRC680	70,560	2,640	21	39	18	1.05	0.088	1.40	25.28
GSRC688	70,640	2,640	13	44	31	1.28	0.119	1.75	54.40
GSRC692	70,720	2,560	22	40	18	1.31	0.190	2.07	37.30
GSRC693	70,720	2,640	5	22	17	0.91	0.309	2.15	36.57
GSRC693	70,720	2,640	25	46	21	1.28	0.066	1.55	32.55
GSRC695	70,480	2,680	25	43	18	1.25	0.062	1.50	26.92
GSRC698	70,880	2,560	5	26	21	1.38	0.214	2.24	46.96
GSRC713	70,960	2,560	3	35	32	0.99	0.059	1.22	39.05
GSRC721	71,120	2,400	7	37	30	1.31	0.169	1.99	59.55
GSRC722	71,120	2,480	16	47	31	1.32	0.146	1.91	59.14
GSRC722	71,120	2,480	63	83	20	1.27	0.094	1.65	32.93
GSRC724	71,280	2,320	10	33	23	1.65	0.325	2.95	67.84
GSRC732	71,360	2,250	15	37	22	1.08	0.141	1.65	36.23
GSRC747	70,240	2,147	15	36	21	1.01	0.037	1.16	24.32
GSRC830	63,360	4,480	20	36	16	1.18	0.046	1.37	21.86
GSRC833	63,360	4,240	23	31	8	1.13	0.500	3.14	25.08
GSRC869	69,200	3,080	24	58	34	1.37	0.117	1.83	62.37
GSRC870	69,200	3,100	20	63	43	1.39	0.187	2.14	91.99
GSRC871	69,200	3,140	3	30	27	1.18	0.088	1.54	41.47
GSRC872	69,200	3,160	9	37	28	1.01	0.068	1.28	35.80
GSRC874	69,240	3,140	9	40	31	1.05	0.122	1.54	47.60
GSRC875	69,240	3,120	9	45	36	1.17	0.113	1.62	58.40
GSRC876	69,240	3,100	12	58	46	1.48	0.111	1.92	88.54
GSRC877	69,240	3,080	17	51	34	1.44	0.065	1.70	57.81
GSRC878	69,160	3,160	9	31	22	0.91	0.077	1.22	26.89
GSRC879	69,160	3,140	3	38	35	1.08	0.045	1.25	43.92
GSRC880	69,160	3,120	15	28	13	1.22	0.169	1.89	24.61
GSRC881	69,160	3,100	18	39	21	1.45	0.163	2.10	44.13
GSRC882	69,160	3,080	18	38	20	1.53	0.168	2.20	43.96
GSRC883	69,180	3,160	8	35	27	1.02	0.104	1.44	38.79
GSRC884	69,180	3,140	4	37	33	1.10	0.087	1.45	47.72
GSRC885	69,180	3,120	3	45	42	1.17	0.086	1.51	63.62
GSRC886	69,180	3,100	16	48	32	1.29	0.131	1.82	58.14
GSRC887	69,180	3,080	17	50	33	1.49	0.079	1.81	59.79
GSRC889	69,220	3,140	10	32	22	1.13	0.147	1.71	37.71
GSRC890	69,220	3,120	6	50	44	1.19	0.092	1.56	68.67
GSRC891	69,220	3,100	17	57	40	1.51	0.115	1.97	78.71
GSRC892	69,220	3,080	18	54	36	1.45	0.140	2.01	72.31

Scotia Dam Prospect

Infill drilling has been completed at Scotia Dam, with 71 drill holes drilled on an 80x80m pattern for a total advance of 3,056 metres (GSRC751 to GSRC821).

Table 5 SCOTIA DAM PROSPECT RC Drilling Significant Interceptions, 0.75% Ni Cut-Off									
Hole Number	North m	East m	From m	To m	Interval m	Ni %	Co %	Ni ₄ Co %	Ni ₄ Co M%
GSRC759	58,480	6,320	29	53	24	1.22	0.252	2.23	53.56
GSRC760	58,480	6,400	17	32	15	1.19	0.072	1.48	22.17
GSRC763	58,560	6,240	19	31	12	1.09	0.244	2.06	24.72
GSRC767	58,640	6,240	17	56	39	1.10	0.072	1.39	54.34
GSRC768	58,640	6,320	27	47	20	1.01	0.096	1.39	27.79
GSRC788	59,120	6,080	15	35	20	1.15	0.142	1.72	34.43
GSRC792	59,280	6,000	14	31	17	1.19	0.137	1.74	29.58
GSRC802	59,440	6,000	15	30	15	1.54	0.376	3.04	45.67

Siberia Prospect

First pass drilling which targeted Walter Williams Formation was completed at Heron's Siberia Prospect, located 20 kilometres west of Goongarrie, adjacent to Cawse Nickel Operation tenements. During the Quarter, 12 drill holes were completed for a total advance of 417 metres (SBRC001 to SBRC012). Ore types encountered were typical for Walter Williams derived nickel laterite, specifically Siliceous (upgradeable) and Limonite Ore.

Table 6 SIBERIA PROSPECT RC Drilling Significant Interceptions, 0.75% Ni Cut-Off									
Hole Number	North m	East m	From m	To m	Interval m	Ni %	Co %	Ni ₄ Co %	Ni ₄ Co M%
SBRC003	62,600	4,360	5	17	12	1.00	0.018	1.07	12.81
SBRC003	62,600	4,360	25	56	31	1.15	0.091	1.52	47.08
SBRC007	62,200	4,360	2	9	7	1.26	0.074	1.55	10.87
SBRC009	62,200	4,520	4	14	10	1.05	0.072	1.34	13.35

2.1.2 Ghost Rocks Nickel Project

Heron 100%. Heron holds Toll Milling rights for ore processing through Centaur's Cawse Stage II. Nickel (-gold).

Drill hole collars for the proposed infill 400x80m RC drill program have been set out. Drilling will be completed during the March 2001 Quarter.

2.1.3 Kalpini Nickel Project

Heron 100%. Heron holds Toll Milling rights for ore processing through Centaur's Cawse Stage II. Nickel (-gold).

Data from 80x40m drilling completed last Quarter has been integrated into Heron's drilling database and is being independently audited. In-house resource calculations have been updated.

Discussions continue with parties interested in the nickel sulphide and gold potential of the Kalpini tenement package.

2.2 SCOTIA KANOWNA PROVINCE

2.2.1 Scotia Kanowna Project

Heron 100%.
Nickel (- gold).

Goongarrie South Gold Prospect

Following interpretation of aeromagnetic data, it is inferred that Goongarrie South in part represents an un-roofed Comet Vale granitoid-style gold mineralising system.

Some 2,500 composite pulp samples from the Nickel Laterite RC drill program at Goongarrie South were submitted for Au and As analysis. Anomalous results included:

Table 7 GOONGARRIE SOUTH GOLD PROSPECT RAB Drilling: Significant Intercepts.						
Hole Number	North m	East m	From m	To m	Interval m	Au (g/t)
Goongarrie South						
GSRC025	69,197	2,409	18	23	5	0.58
GSRC041	68,400	2,719	59	61	2	1.14
GSRC165	70,396	2,320	58	62	4	0.79
GSRC510	67,838	2,961	7	16	9	0.58

Although on Strategic Alliance tenements, the gold targets are not part of the Centaur Strategic Alliance. The anomalous zone is 2,500x160m at a 0.1g/t cut-off, and is a “blind” discovery by Heron. Farm-out discussions are current, to follow up the saprolite gold targets generated in Heron’s drilling. The granite mineralised setting is entirely comparable to the Tarmoola gold mine north of Leonora.

2.2.2 Kurnalpi Nickel Project

Heron 100%.
Nickel (- gold).

Acra Prospect

The Acra Prospect adjoins the southern extremity of the Kalpini Nickel Project. The prospect consists of three separate steeply westerly to southerly dipping differentiated komatiite horizons, overlain by mafic and felsic volcanics. The lowermost komatiite unit hosts the Kalpini nickel laterite mineralisation. The uppermost unit is prospective for nickel sulphide mineralisation, with recorded sulphide occurrences at Acra and at Binti Binti.

Heron is negotiating to farm out Acra and surrounding tenements to explore for nickel sulphide and gold. In addition, high grade supergene gold targets have been identified by Heron through review of previous exploration data. The previous drill intercepts include single metres at 43-85g/t Au.

Binti Binti Prospect

During the Quarter, rehabilitation of previous drill areas was completed.

2.2.3 Menzies East Joint Venture Project

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

Golden State advises that three traverses of Aircore (110 metres) and RAB (536m) drilling was completed on the King Bore North prospect area targeting structural sites defined from a recent aeromagnetic data interpretation. Anomalous results included 9m at 119ppb Au in sheared gabbro. Further work is planned.

2.2.4 Gindalbie Terrain Joint Venture Project

Heron 100%, Delta Gold Limited option to joint venture, right to earn 70% in gold.
Heron retains 100% of all nickel rights.

Delta has secured a six month option to farm into the project. Data collation and site investigations have been completed ahead of field exploration.

Delta has completed a Vacuum Auger soil sampling program, consisting of 375 sample sites. Samples have been submitted for Au and As determinations, however results have not yet been received. The program covered ultramafic units that are prospective for nickel mineralisation. Accordingly, Heron will assay for additional nickel-related elements.

2.2.5 Yindarlgooda Project

Heron 100%.
Nickel (- gold).

The **Clinker Hill Prospect** is located 40km east of Kalgoorlie, and was acquired to evaluate areas of Bulong Ultramafic Complex, which to the north hosts the Bulong nickel laterite mine.

Heron's tenement covers a layered ultramafic and gabbroic complex. Gold mineralisation is associated with ultramafic rocks where supergene anomalism has formed over sub-vertical quartz veins. Previous drill intercepts include **3m at 5.49g/t Au**. Regional data reviews have defined platinoid anomalism associated with layered ultramafics in the region. The tenement is awaiting grant, at which time Heron will fully evaluate its nickel laterite and platinoid potential.

2.3 EMU FAULT PROJECT

2.3.1 Kurnalpi Gold and Nickel Sulphide Joint Venture Project

Heron 100%. Farm-in partner right to earn 80% in gold and Nickel Sulphide.
Heron retains all Nickel Laterite.

Heron and a farm-in partner have finalised the terms for a Heads of Agreement to explore for nickel sulphide and gold as part of an Eastern Goldfields drive by the farm-in partner to generate new large projects. The project area covers 260km² with an excellent Emu-Avoca Fault structural association.

2.3.2 Transline Joint Venture Project

Heron 100%. New Hampton Goldfields Limited right to earn 80%.
Gold (-nickel).

The Transline project covers highly anomalous +50ppb gold in soil targets associated with the gold mine-hosting GMQ Shear Zone. New Hampton operates a CIP plant at Jubilee, located 50km WSW of Transline, so potential exists for an expeditious cash flow from any gold discovery.

2.4 KEITH KILKENNY PROVINCE

2.4.1 Kookynie Project

Heron 100%.
Nickel (-gold).

The project area is on the western margin of the Keith Kilkenny Tectonic Zone, adjoining the Apollo Hill gold mining centre. The Carasue gold mining centre occurs within a comparable structural setting further south within a rift margin.

Nickel targets include the **Boomerang Prospect**, a series of komatite mega-channels localised within the Emu Fault, in an analogous setting to Silver Swan-style nickel sulphide mineralisation. At **Monks Well Prospect**, Heron has identified nickel laterite.

A gold joint venture proposal is being assessed, as part of a major Keith Kilkenny gold project targeting Carasue-style rift margin structural settings.

2.4.2 Edjudina Nickel Project

Heron 100%.
Nickel (-gold).

The Edjudina nickel laterite targets contribute to the resource inventory of a Keith Kilkenny Nickel Laterite Project. Resources include Heron's Lake Rebecca, Aubils and Monk Well Nickel Laterite projects.

Drill sites have been set out on a 400x80m pattern at Monk Well, Aubils and Kilmore Hill. These are major soil-covered ultramafic sequences covering an area of 15x2km. Resource potential is significant, with aeromagnetic/regolith interpretation suggesting a Goongarrie-style mineralised setting.

2.4.3 Edjudina-Laverton Joint Venture Project

Heron 100%. Croesus Mining NL right to earn 80% in gold projects only.
Heron retains 100% of all nickel rights.
Gold.

RAB drilling targeting strike extensions to the historic Yilgangi Queen workings on adjacent tenements was undertaken, with 136 holes (ENRB193-ENRB328) completed for 4,175 metres. Strong arsenic soil anomalies are a feature of this area and arsenopyrite was logged in some drill cuttings. Drilling intersected felsic and intermediate volcanic and volcanoclastic rocks, quartz-sericite-haematite schists, sediments and porphyry, often with minimal weathering profile present.

Holes along strike from the Yilgangi Queen workings returned anomalous gold results.

Table 8 CROESUS MINING NL EDJUDINA JOINT VENTURE RAB Drilling: Significant Intercepts.						
Hole Number	North m	East m	From m	To m	Interval m	Au (g/t)
Yilgangi Queen						
ENRB194	13,800	18,000	22	23	1	1.08
ENRB205	13,800	18,550	0	2	2	0.24

2.4.4 Southern Laverton Tectonic Zone Joint Venture Project

Heron 100%. Gutnick Resources NL right to earn 80%.
Heron retains 100% of all nickel rights.
Gold.

The Southern Laverton Tectonic Zone Project is located approximately 150km NE of Kalgoorlie, extending from south of the Anglo-Saxon and Saxon Extended gold mines (170,000oz) to just

west of Red October (340,000oz). The Laverton Tectonic Zone Gold Province, which also hosts the Granny Smith, Sunrise and Wallaby mines, has a total resource base that exceeds 22 million ounces of gold.

A substantial auger and surface soil sampling program on joint venture tenements has returned very significant results, particularly at **Yundamindera Flash** (Box Creek), which includes the historic Gardners Find workings.

Table 9 GUTNICK RESOURCES NL PINJIN JOINT VENTURE Soil Geochemical Sampling Summary			
Prospect	Type	Heron Tenements Included in Survey	Total Samples In Survey
Box Creek	Auger	E39/721, P39/3691	1,681
Edjudina	Auger	E31/315, E31/434	392
Kirgella	Auger	E28/891	91
Red Skin	Soil	P28/924-927 inc	In Progress

Yundamindera Flash Gold Prospect

Two **significant surface gold anomalies** have been defined parallel to the regional N-S stratigraphy for over 5km. The western anomaly represents northern extensions to the historic Gardners Find workings, which are gold-mineralised strike parallel shears. Previous Heron sampling of mullock around the old workings yielded gold values to 6.4g/t.

The surface anomaly is defined by a threshold value of 15ppb against a background of <4ppb, with peak values to 114ppb in an area of intense surface disturbance through metal detecting.

A follow up program of 1,127 samples on a 250x50m grid confirmed and provided detail to the earlier, broader spaced sampling pattern. This survey reported significant spikes consistent with near surface gold development, with **peak values to 290,000ppb (290g/t) and 3,970ppb (3.97g/t)**.

Edjudina Prospect

Minor soil gold anomalism in the 8-20ppb Au range is evident against a background of <2ppb. The anomaly area measures 1.5x0.5km and strikes N-S in an area of deep regolith development.

2.4.5 Edjudina Gold Project

Heron 100%.
Gold.

Heron is continuing negotiations to form a joint venture to further explore this project, following up gold resources previously identified and drilled by Heron at Banjo, Webb Find, Yarri and Yilgangi.

2.4.6 Mulgabbie Nickel Project

Heron 100%.
Nickel (-gold).

Rehabilitation of historical exploration areas has been completed. Drill hole collars have been surveyed ahead of drilling at the Lake Rebecca lateritic nickel deposit. The drill program has been postponed due to ongoing wet ground conditions marginal to Lake Rebecca.

2.4.7 Karonie South Joint Venture Project

Heron 100%. WMC right to earn 80%.
Gold (- nickel - base metals).

A 50 hole Aircore drill program of 3,000m was completed on tenements E28/631 and E28/635. The area, considered prospective for nickel sulphide mineralisation is characterised by transported soils with minor residual soil and subcrop. Aircore drill holes were drilled on three traverses with 80m hole spacing along each line. Drilling intersected predominantly amphibole rich mafic rocks with variable magnetite content, with subordinate felsic gneiss, slate and ultramafic rocks also intersected. Two metre composite samples were collected for base metal and gold analysis, however assay results have not yet been received.

An ultra detailed aeromagnetic survey has been designed, with flight lines at 50m spacings to be flown at a height of 30 metres.

Detailed soil gold sampling programs on a 200x50m grid have been designed to further test four highly anomalous targets for gold. In addition, the remaining joint venture tenements, E28/631, E28/638 and E28/929 will be sampled on an 800x200m spacing.

2.5 MUNGARI PROVINCE

2.5.1 Mungari Northwest Joint Venture Project

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

Grant of the main tenement is awaited ahead of field work.

2.5.2 Mungari Northwest Platinum Project

Heron 100%.
Platinum (- gold).

Open file literature reviews and regional studies by Heron have generated a Platinum Group Metal ("PGM") target associated with fractionated basal layers of the Powder Sill gabbro. Platinum in soils has a well defined anomaly at a 20ppb threshold, peaking at 41ppb Pt.

Negotiations involving a substantial joint venture incorporating a PGM technology Initial Public Offer ("IPO") and PGM drill target evaluation had been commenced. However, a vexatious plaintiff was lodged against the tenement, despite Heron have lodged valid expenditure exemption applications with DME. The plaintiff action precipitated a cessation of joint venture negotiations.

Once the plaintiff has been dismissed in the Kalgoorlie Mining Warden's Court, Heron will seek to reinstate the joint venture and IPO negotiations.

2.6 LEONORA LAVERTON PROVINCE

2.6.1 Laverton Nickel Project

Heron 100%. Another entity has rights to gold. Nickel.

Merolia and Mineral Patch Hill Prospects

Heron plans to commence drilling at its Merolia-Mineral Patch Hill nickel laterite project during the March 2001 Quarter.

Mineral Patch Hill, which has in excess of 10km of prospective ultramafic stratigraphy, is immediately north along strike of the Coglia Well Nickel Laterite deposit. Detailed aeromagnetic coverage has been interpreted with probable olivine adcumulate units identified. A 640x80m RC drilling program has been designed for completion at Merolia and Mineral Patch Hill. Field checking of proposed drill targets has been completed.

Based on the aeromagnetic interpretation, the Merolia-Mineral Patch Hill Project has the potential to host a significant nickel laterite resource, covering an aggregate 18km strike aeromagnetic anomaly.

2.6.2 Laverton Joint Venture Project

Heron 100%. Metex Resources NL right to earn 70%. Gold (-nickel).

Metex intends assigning these tenements to another joint venture entity.

2.6.3 Mount Morgans Joint Venture Project

Heron 30%. Metex Resources NL has earned 70%. Gold (-nickel).

Metex tested two magnetic features with RAB drilling during the previous quarter. The main anomaly comprises a weakly magnetic package of oxidised siliceous felsic volcanics, with disseminated pyrite throughout. Preliminary assays for Au have been received, with no significant results returned.

Metex has now earned a 70% interest through expenditure in the Mount Morgans Project. Heron has elected to be free carried at 20%.

2.6.4 Victory Joint Venture Project

Heron 100%. WMC right to earn 80%. Gold (-nickel).

A farm-in Heads of Agreement has been concluded on this project with WMC Exploration Limited. The exploration target is nickel sulphide, and gold along strike from the developing Thunderbox gold discovery.

2.7 ILLAARA PROVINCE

2.7.1 Lawrence Find Project

Heron 100%. Farm-in partner right to earn 70%.
Gold (-copper - zinc - nickel - sulphur - platinum).

Heron's research has identified several high priority target areas, including a 30km strike "epithermal gold" soil anomaly and a 50m thick massive "VMS" gossan. Inspection of rock samples from Maninga Soak in the southern project area has indicated chromitite bands in association with a banded anorthositic suite. A PGE setting is indicated. MMI soil geochemistry is planned once tenements are granted.

Heron is continuing to negotiate with a potential joint venture partner who may earn a 70% interest in the tenements. Heron will retain all Nickel Laterite rights.

2.8 IDA FAULT PROVINCE

2.8.1 Snake Hill Joint Venture Project

Heron 100%. Barra Resources Limited right to earn 70%.
Gold (-nickel).

The Barra Resources Limited Initial Public Offer was successful and they now take over management of this project.

2.8.2 Frances Lesley Project

Heron 100%. Another entity has rights to gold.
Nickel.

The Frances Lesley project area covers komatiites that occur within the Coolgardie Domain, a graben bounded by the Ida Fault and Kunanalling Shear Zone to the west and the Zuleika Shear Zone to the east. Prospective pyritic black shales are associated with the komatiite horizons.

Heron is negotiating with a nickel sulphide explorer and producer to form a joint venture to explore for nickel sulphide at Frances Lesley and at other Ida Fault Province tenements.

2.8.3 Blister Dam Project

Heron 100%.
Gold (-nickel).

The tenements cover part of the Walter Williams and Siberia Formations where truncated by the Zuleika Shear Zone. Heron has completed a nickel laterite data review including historical drilling which intersected 5m at 0.92% Ni. The project is within a 30km haul distance of the Cawse nickel operation.

2.8.4 Bullabulling Project

Heron 100%.
Nickel (-gold).

High priority nickel laterite targets are present, located within hauling distance of the Cawse nickel laterite plant. Previous explorers report broad zones of gold anomalism in costeans on Heron's leases.

2.8.5 Widgiemooltha Joint Venture Project

Heron 100%. Farm-In Partner right to earn 80% in gold and nickel sulphides.
Heron retains nickel laterite 100%.
Nickel (-gold).

Subject to the completion of formal documentation, Heron has accepted a farm-in offer covering the Pioneer, Yilmia Hill and Mount Thirsty Prospects. The joint venturer may expend

\$400,000 exploring for gold and nickel sulphide mineralisation to earn 80%. An advanced stage target is available at Pioneer, which will be drill tested on grant of the tenement.

Heron has identified significant nickel-cobalt anomalism at Mount Thirsty. Lateritic nickel values from previous drilling at the **Nike Prospect** returned up to 1.2% nickel and 0.2% cobalt from a prospective strike of 3.5km.

2.9 KAMBALDA DOMAIN PROVINCE

2.9.1 Binduli East Project

Heron 100%. AngloGold Australasia Limited has the right to earn 75%.
Gold (-nickel).

Issues involving Registered Aboriginal Sites have been resolved for all tenements.

Auger soil sampling has been completed, with soils taken on a 400x100m grid producing 365 samples. Results formed broad anomalous zones with assays up to 41.5ppb Au against a background of 7ppb.

Subsequent infill auger soil sampling on a 200x50m grid has been undertaken, collecting a further 861 samples which are currently being assayed.

2.9.2 Kurramia and Mount Martin Projects

Heron 100%.
Gold (-nickel).

The 165km² project areas are located 10-30km N and S of Kalgoorlie associated with felsic volcanoclastic and lateritised ultramafic within the Boorara Shear Zone. An extensive lacustrine cover associated with Gidgi Lake is present in the northern project area.

The Shamrock Ultramafic Sequence trends N-S through the project area, and is prospective for nickel sulphide mineralisation. Intrusive porphyry, being a prime gold target, occurs throughout the tenements. The similarity of the Kurramia geological setting to the Kanowna Belle and Paddington gold mines requires that very detailed drill exploration be carried out. The main targets are the **Kanowna South, Phoenix and Roaster Prospects**. Peak historical intercept is **4m at 2.35g/t Au** from Phoenix.

2.10 SOUTHERN CROSS PROVINCE

2.10.1 Bungalbin Project

Heron 100%
Gold - nickel (- iron ore).

Tenement grant is awaited.

2.10.2 Bungalbin Iron Ore Royalty Project

Heron 100%. Portman Limited right to acquire Iron Ore rights through providing Heron an Iron Ore Production Royalty.
Heron retains all other mineral rights, notably gold-nickel.

Heron has completed Ethnographic surveys with Native Title Claimants in accordance with a Land Access Agreement reached with the Gubrun and Central West Goldfields People.

All tenements have been granted with endorsements for Iron Ore rights. The target ore type at Bungalbin is low-phosphorous Iron Ore. Following geological reinterpretation, there is scope to greatly increase the Iron Ore resources. Portman has approached Heron to have further Iron Ore tenements within the Bungalbin area included in the Royalty Project.

The initial exploration phase will be to costean areas with potential for low phosphorus ore as indicated by Heron's research and re-modelling of historical drilling results.

Portman is undertaking a Feasibility Study which is expected to be ready this year. The Study potentially includes a railway spur-line to the Bungalbin iron ore deposit to supplement the Koolyanobbing iron ore operation.

The Esperance Port Authority has completed the first stage of dredging to accommodate full loading of 75,000 dwt Panamax vessels. Construction of a new Cape-sized berth (180,000dwt) is due to commence shortly.

The Bungalbin Iron Ore Royalty represents a potentially significant long term cash flow for Heron, and a major contribution to funding the Company's future exploration.

2.10.3 Maggie Hayes Hill Project

Heron 100%
Nickel, (-gold)

The tenement is south along strike from the Emily Ann nickel sulphide deposit. A RAB nickel anomaly has been identified in the southern tenement area, which is coincident with a shallow, possibly northerly plunging Electro-Magnetic anomaly. Tenement grant is awaited.

2.II BREMER-EUCLA PALAEO-DRAINAGE PROVINCE

2.II.I Balladonia and Ravensthorpe-Norsemen Oil Shale Projects

Heron 100%.

Oil shale-sulphur-limestone.

The 5,505km² Balladonia and Ravensthorpe-Norseman project areas are located 200km S of Kalgoorlie. There are indications of substantial oil shale and lignite resources, exceeding 1.5 billion tonne at an indicative oil yield of 95 l/t.

Heron is considering a draft Memorandum of Understanding that proposes a range of development options, involving the joint production of syncrudes, electricity, sulphuric acid, and provides consideration for nickel offtake and possible stainless and tool steel production.

2.I2 FRASER RANGE PROVINCE

2.I2.I Fraser Range Project

Heron 100%

Nickel-copper-PGM-gold.

A research project was completed by Heron for the Albany-Fraser Province which aimed to identify Voisey's Bay style nickel-copper sulphide targets (comparable to the WMC West Musgrave discovery). The study has identified a deep crustal structural corridor containing a discrete suite of magnetic features interpreted as packages of Mesoproterozoic ophiolites within the Fraser Range Complex. The corridor is marked by elevated Cu, Ni, Co, Cr, Au and Pd soil geochemistry associated with interpreted anorthosite and troctolite.

The metallogenic concept is the localisation of nickel sulphides within structurally prepared targets. Heron has pegged five exploration licence applications to cover these and other targets.

Previous explorers in the project area have confirmed chromite-bearing ultramafic rocks assaying up to 20% Cr and 800 ppb Pt, with drilling returning up to 16m at 1.3% Ni in saprolite.



Ian 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.

1.13 Total operating and investing cash flows (brought forward)	(856)	(1,686)
Cash flows related to financing activities		
1.14 Proceeds from the issue of shares, options, etc.		
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) - Share Issue Expenses		
Net financing cash flows		
Net increase (decrease) in cash held	(856)	(1,686)
1.20 Cash at beginning of quarter/year to date	3,095	3,925
1.21 Exchange rate adjustments		
1.22 Cash at end of quarter	2,239	2,239

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 in item 1.2	80
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 (64).
 Provision of secretarial services by director related entities (1).
 Provision of office accommodation by director related entities (15).

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	500
4.2 Development	
Total	500

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	80	266
5.2 Deposits at call	170	587
5.3 Bank Overdraft		
5.4 Other (provide details) Bank Bills	1,989	2,242
Total: cash at end of quarter (Item 1.22)	2,239	3,095

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at Beginning 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.

.....

	Number Issued	Number quoted	Par value (cents)	Paid-up value (cents)
7.1 Preference securities (description)				
7.2 Issued during Quarter				
7.3 Ordinary securities	90,858,872	90,958,872		
7.4 Issued during Quarter				
7.5 Convertible debt securities (description)				
7.6 Issued during quarter				
7.7 Options (description)			Exercise Price	Expiry Date
	100,000	Nil	\$0.25	28/08/2001
	150,000	Nil	\$0.25	01/09/2001
	350,000	Nil	\$0.25	15/12/2001
	50,000	Nil	\$0.25	05/03/2002
	200,000	Nil	\$0.25	19/12/2002
	200,000	Nil	\$0.35	19/12/2002
	200,000	Nil	\$0.45	19/12/2002
	200,000	Nil	\$0.55	19/12/2002
	200,000	Nil	\$0.65	19/12/2002
	100,000	Nil	\$0.25	04/02/2004
7.8 Issued during Quarter	785,000	Nil	\$0.35	19/10/2004
	785,000	Nil	\$0.50	19/10/2004
7.9 Exercised during Quarter				
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. Golden State Resources Limited has the right to earn a 60% equity interest in the Menzies East Joint Venture Project tenements through sole funding the initial \$250,000 of exploration.
2. Metex Resources NL has the right to earn a 70% equity interest in the Laverton Joint Venture Project tenements through sole funding the initial \$500,000 of exploration.
3. Metex Resources NL has earned a 70% equity interest in the Mount Morgans Joint Venture Project tenements through sole funding the initial \$200,000 of exploration.
4. Connemara Gold Mines Pty Limited has the right to earn a 70% equity interest in the Snake Hill Joint Venture Project tenements through sole funding the initial \$300,000 of exploration.
5. Kundana Gold Pty Limited has the right to earn a 50% equity interest in the Mungari Northwest Joint Venture Project tenements through sole funding the initial \$3,000,000 of exploration.
6. Gutnick Resources NL has the right to earn an 80% equity interest in the Southern Laverton Tectonic Zone Joint Venture Project tenements through sole funding the initial \$1,200,000 of exploration expenditure. Mount Kersey will continue to sole fund exploration until a Decision to Mine is made.
7. Croesus Mining NL has the right to earn an 80% equity interest in the Edjudina and Laverton Joint Venture Project tenements through sole funding the initial \$1,000,000 of exploration expenditure. Croesus will continue to sole fund exploration until a Decision to Mine is made.
8. Portman Limited has entered into an option to purchase the Bungalbin and Mount Jackson Project tenements for \$25,000 and a minimum \$250,000 exploration expenditure. Heron will retain a FOB royalty on any Iron Ore sold from the tenements, and Heron will retain all other mineral rights.
9. WMC Resources Ltd has the right to earn an 80% equity interest in the Karonie South Joint Venture Project tenements through sole funding the initial \$300,000 of exploration expenditure. WMC will continue to sole fund exploration until a Decision to Mine is made.
10. Delta Gold NL has acquired a 6 month option for the Scotia Kanowna Joint Venture Project tenements. On exercising their option, Delta will have the right to earn a 70% interest through sole funding the initial \$1,000,000 of exploration expenditure. Delta will continue to sole fund exploration until a Decision to Mine is made.
11. New Hampton Goldfields Limited has the right to earn an 80% interest in the Transline Joint Venture Project tenements through sole funding the initial \$800,000 of exploration expenditure. New Hampton will continue to sole fund exploration until a Decision to Mine is made.
12. AngloGold Australasia Limited has the right to earn a 75% interest in the Binduli Joint Venture Project tenements through sole funding the initial \$500,000 of exploration expenditure. AngloGold will continue to sole fund exploration until a Decision to Mine is made.
13. WMC Resources Ltd has the right to earn an 80% equity interest in the Victory Joint Venture Project tenements through sole funding the initial \$125,000 of exploration expenditure. WMC will continue to sole fund exploration until a Decision to Mine is made.
14. A farm-in partner has the right, subject to the completion of formal documentation, to earn an 80% equity interest in the Widgiemooltha Joint Venture Project tenements through sole funding the initial \$400,000 of exploration expenditure. The partner will continue to sole fund exploration until a Decision to Mine is made.

6.1 Interests in Mining Tenements relinquished, reduced or lapsed

Tenement Reference	Nature of Interest	Interest Beginning Quarter	Interest End of Quarter
E38/1369	Registered Applicant	100	0
E38/1376	Registered Applicant	100	0
E77/860	Registered Applicant	100	0
E16/235	Registered Applicant	100	0
E39/641	Registered Applicant	100	0
E39/642	Registered Applicant	100	0
E39/643	Registered Applicant	100	0
E39/644	Registered Applicant	100	0
E39/680	Registered Applicant	100	0
E39/681	Registered Applicant	100	0
E39/682	Registered Applicant	100	0
E77/860	Registered Applicant	100	0
E31/190	Registered Holder	100	0
E24/88	Registered Holder	100	0
P15/3812	Registered Holder	100	0
P15/3813	Registered Holder	100	0
P31/1537	Registered Holder	100	0
P31/1538	Registered Holder	100	0
P24/3479	Registered Holder	100	0
P27/1449	Registered Holder	100	0
P27/1450	Registered Holder	100	0
P27/1451	Registered Holder	100	0
P27/1452	Registered Holder	100	0
P27/1453	Registered Holder	100	0
P24/3577	Registered Holder	100	0
P24/3578	Registered Holder	100	0
P24/3579	Registered Holder	100	0
P24/3580	Registered Holder	100	0
P16/1842	Registered Holder	100	0
P16/1843	Registered Holder	100	0
P16/1847	Registered Holder	100	0
P16/1848	Registered Holder	100	0

6.2 Interests in Mining Tenements acquired or increased

Tenement Reference	Nature of Interest	Interest Beginning Quarter	Interest End of Quarter
E36/458	Registered Applicant	0	100
E36/459	Registered Applicant	0	100
E63/753	Registered Applicant	0	100
E28/1166	Registered Applicant	0	100
E28/1165	Registered Applicant	0	100
E69/1717	Registered Applicant	0	100
E28/1162	Registered Applicant	0	100
E28/1163	Registered Applicant	0	100
E28/1164	Registered Applicant	0	100
E29/290	Registered Holder	0	100
M27/402	Registered Applicant	0	100
M29/283	Registered Applicant	0	100
M27/395	Registered Applicant	0	100
M28/259	Registered Applicant	0	100
M28/260	Registered Applicant	0	100

M39/805	Registered Applicant	0	100
M39/806	Registered Applicant	0	100
M39/807	Registered Applicant	0	100
M27/402	Registered Applicant	0	100
M29/283	Registered Applicant	0	100
P15/4425	Registered Applicant	0	100
P15/4435	Registered Applicant	0	100
P15/4436	Registered Applicant	0	100
P15/4437	Registered Applicant	0	100
P15/4438	Registered Applicant	0	100
P15/4439	Registered Applicant	0	100
P15/4440	Registered Applicant	0	100

Statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law 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:

Date: 31/01/01
for _____
Company Secretary
Ross Arancini

Print name: Ian Buchhorn

Notes

1. The quarterly report is to provide a basis for informing the market how the activities of the entity for the past quarter have been financed and the effect on its cash position. Any 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. The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
4. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
