



ACN 068 263 098

Phone: (08) 9091 9253
Fax: (08) 9091 9256
e-mail: heron@emerge.net.au
website: <http://www.heronresources.com.au>

4 August 2000

Dear Shareholder

RE: HERON RESOURCES NL, QUARTERLY REPORT, PERIOD ENDING 30 JUNE 2000

QUARTER HIGHLIGHTS

- *High-level discussions continue with nickel industry participants as to the best development options for the Company's nickel laterite resources, with Goongarrie increasingly recognised as a key asset.*
- *The results of the Cawse Stage II Pre-feasibility Study, including Heron's 20% processing entitlement at Cawse, are expected during the current month. Centaur has undertaken RC drill metallurgical studies.*
- *Diamond drilling for metallurgical and mining studies has been completed, and RC drilling will continue during the September and December Quarters to upgrade the resource status, concentrating on the high-grade zones currently being delineated at Goongarrie.*
- *Non-nickel projects continue to be farmed out, with a total of \$10.35 million in expenditure required by Heron's 14 joint venture parties to earn equity, and Heron generally free-carried to Decision to Mine.*

The past few months have been even busier than usual, with 15,700m in 331 RC drill holes completed, and a major diamond drill core metallurgical study commenced. This activity will significantly advance the Company's long-term goal of developing its nickel interests in Western Australia and becoming a major player in the nickel laterite industry. I am pleased to say that we continue to make significant corporate progress.

At 30 June 2000, the total Inferred and Indicated Mineral Resource above a 0.75 % Ni cut-off had increased to **182 million tonnes at 1.07 % Ni and 0.09 % Co**, including 34.3 million tonnes now classified as Indicated Mineral Resource. At a lower cut-off grade of 0.50 % Ni, the resource was 405 million tonnes at 0.8 % Ni and 0.06 % Co. **This resource inventory is amongst the strongest in the Eastern Goldfields.**

I would like to thank you for your continuing support, and invite you to contact myself or fellow staff to further discuss Heron's progress and corporate objectives.

Yours faithfully,

Ian Buchhorn
Managing Director



ACN 068 263 098
Phone: (08) 9091 9253
Fax: (08) 9091 9256
e-mail: heron@emerge.net.au
website: <http://www.heronresources.com.au>

31 July 2000

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, PERIOD ENDING 30 JUNE 2000

1. SUMMARY

- As at 30 June 2000, the total **Indicated and Inferred Mineral Resource above a 0.75% Ni cut-off** for Goongarrie-Ghost Rocks-Kalpini and satellite nickel projects is: **182.1 million tonne at 1.07% Ni and 0.08% Co.**
- The **Indicated and Inferred Mineral Resource above a 0.50% Ni cut-off** for the Goongarrie-Ghost Rocks-Kalpini and satellite nickel projects is **405 million tonne at 0.8% Ni and 0.06% Co.** Fully diluted, the Inferred Mineral Resource is 474 million tonne at 0.7% Ni and 0.05% Co, with contained metal being 3.4 million tonne nickel and 0.3 million tonne cobalt.
- During the Quarter, Heron advanced its work towards the **Cawse Stage II Pre-feasibility Study:**
 - **Resource Definition Reverse Circulation drilling** continued at Goongarrie, where **15,752m in 331 holes** was completed (average depth 48m), with **7,674 samples submitted;**
 - A **Confirmation Diamond Drilling** program was completed, consisting of **406m in 8 holes;**
 - Archaeological and ethnographic surveys were completed, and flora, fauna, photogrammetry, tenement and hydrological surveys were commenced; and
 - Detailed metallurgical evaluation commenced at the Lakefield Orestest metallurgical laboratory, Perth, with 6 bulk samples currently under test (very good leaching results to date).

Subject to the Pre-feasibility Study which is currently being finalised by Centaur, it is apparent that **all of Heron's ore entitlement to Cawse Stage II could be sourced from Goongarrie South alone.** This has favourable implications in respect of centralisation of Heron infrastructure, and ability for Heron to deal in its other nickel laterite resources.

- **Part C Takeover Bid by Centaur Mining & Exploration Limited**
On 8 February 2000, Centaur Nickel Investments Pty Ltd ("Centaur"), a wholly-owned subsidiary of Centaur Mining & Exploration Ltd, launched a Part C takeover bid to acquire the issued capital of Heron at 30 cents per share. Heron responded to the bid with a Part D Statement which included an Independent Experts' Report by PriceWaterhouseCoopers which stated a **preferred valuation of 86 cents per share.** Accordingly, the Independent Directors of Heron recommended that shareholders reject the offer by Centaur. The **bid lapsed on 25 May 2000 without Centaur acquiring any shares pursuant to the bid.**

- The Company's working capital position has been strengthened through the **exercise of 10.15 million vendor and employee Options during the Quarter raising \$2.54 million.**

- Heron's focus for the June 2000 Quarter has been Resource Definition of high grade nickel-cobalt ore zones at the **Goongarrie South Prospect**. Significant drill results at a 0.75% Ni cut-off include:
 - GSRC309 47m at 1.43% Ni and 0.23% Co from 24m
 - GSRC317 38m at 1.27% Ni and 0.30% Co from 28m
 - GSRC318 34m at 1.33% Ni and 0.04% Co from 20m
 - GSRC319 40m at 1.22% Ni and 0.16% Co from 20m
 - GSRC335 36m at 1.22% Ni and 0.13% Co from 17m
 - GSRC340 36m at 1.23% Ni and 0.19% Co from 14m
 - GSRC346 32m at 1.40% Ni and 0.14% Co from 13m
 - GSRC354 36m at 1.40% Ni and 0.13% Co from 26m
 - GSRC358 39m at 1.06% Ni and 0.08% Co from 19m
 - GSRC363 50m at 1.37% Ni and 0.20% Co from 34m
 - GSRC420 30m at 1.11% Ni and 0.14% Co from 26m

- **Technical Studies**

Detailed technical studies are current on diamond drill core to elucidate the controls on mineralisation. There are two dominant ore styles, which will be the basis of the Cawse Stage II toll milling.

"Limonite Ore" consists of massive non-textured, amorphous goethitic clays occurring in the upper weathering zone. Typically the ore is yellow-brown, and includes darker colored horizons containing hydromorphic pyrolusite. Apart from minor siliceous horizons and rare nontronitic bands, the ore is remarkably uniform. Grades typically exceed 1.1% Ni and 0.1% Co, with the peak grades at the top of the ore zone, thus generating the highest mining grades early in the project. From geotechnical logging, the Limonite Ore is expected to be entirely soft and free-digging, with an in-situ bulk density of 1.3-1.8.

"Siliceous Ore" generally underlies and is a less leached variant of Limonite Ore. It contains massive to vuggy chalcedonic silica, which occurs as stockworks and cellular boxworks with a dark brown clay infill. There is a sharp visual and grade boundary at the base of the Siliceous Ore, which is recognised by a pronounced increase in MgO to above 10%, is evidenced by green clay colours and the appearance of magnesite in vughs and joints. Grades typically exceed 0.75% Ni and 0.07% Co, but with screen upgrading of 30-45%, leach feed grades exceeding 1.1% Ni and 0.1% Co for the life of the project can be achieved. The Siliceous Ore should be mainly free-digging, with an in-situ bulk density of 1.8-2.3.

Heron is sponsoring a PhD research project on Goongarrie through the West Australian School of Mines in Kalgoorlie, to evaluate the geological controls, which have resulted in Goongarrie being such a uniquely large and high grade nickel laterite occurrence.

- **Corporate Strategy**

In terms of asset optimisation and shareholder returns, Heron has during the June 2000 Quarter:

- Continued to upgrade its nickel laterite resources from Inferred to Indicated Mineral Resource, with 2 to 3 drill rigs operating at any one time;
- Commenced very detailed metallurgical programs based on non-comminuted diamond drill core.
- Continued high level discussions with specialised industry participants on the future development options for Heron's nickel laterite resources which exceed those required for the Cawse Stage II;
- Continued to farm out non-nickel projects, with Joint Ventures structured such that Heron is free carried to Decision to Mine, and in most cases retains the nickel rights; and
- Moved towards cashflow from the Bungalbin Iron Ore Royalty, with Portman Mining currently doing feasibility for a railway to Bungalbin for ore shipment through the Port of Esperance.

There appears to be an industry-wide recognition that in **Goongarrie**, subject to further work confirming results received to date, **Heron owns the premium nickel laterite resource of the Eastern Goldfields**, in terms of **high Ni-Co grades** with **good quality metallurgy** combined with **significant tonnages**. When considered with the first class infrastructure of the Kalgoorlie region and low political risk,

Heron's nickel laterite resources continue to be among the best when it comes to development of the second generation nickel laterite projects.

RESOURCE STATEMENT

On the basis of 80x80m resource drilling (Indicated Mineral Resource) and 400x80m reconnaissance drilling (Inferred Mineral Resource), the total Heron resource inventory at a 0.75% Ni cut-off is:

Table 1							
HERON RESOURCES NL NICKEL PROJECTS							
INDICATED AND INFERRED MINERAL RESOURCE INVENTORY,							
0.75% LOWER NI CUT-OFF							
Project	Pit	Strike km	Width km	Tonne Million	Ni %	Co %	Ni4Co %
Goongarrie Hill	GN1	5.80	0.20	17.7	1.08	0.06	1.31
Goongarrie Sth	GN2	7.00	0.30	63.0	1.08	0.09	1.44
Scotia Dam	GN3	2.40	0.30	9.1	1.10	0.11	1.56
Total Goongarrie				89.8	1.09	0.09	1.44
Ghost Rocks	GR1	3.00	0.08	5.7	0.91	0.12	1.39
Ghost Rocks	GR2	4.50	1.00	12.3	1.02	0.06	1.26
Total Ghost Rocks				18.0	0.98	0.08	1.30
Acra North	KA1	1.60	0.12	6.9	1.01	0.08	1.31
Acra North	KA2	0.40	0.20	5.4	1.31	0.07	1.57
Wellington East	KA3	0.40	0.12	3.8	1.04	0.08	1.36
Wellington East	KA4	1.90	0.20	8.8	1.18	0.07	1.45
Wellington East	KA5	1.70	0.16	1.6	1.21	0.10	1.60
Wellington East	KA6	0.50	0.08	9.4	1.04	0.07	1.32
Wellington East	KA8	0.50	0.08	4.9	0.97	0.09	1.31
Wellington Fold	KA9	2.50	0.20	2.1	0.88	0.07	1.14
Wellington North	KA10	3.60	0.16	1.5	1.04	0.06	1.27
Total Kalpini				44.4	1.09	0.07	1.38
STRATEGIC ALLIANCE SUB-TOTAL				152.2	1.07	0.08	1.40
Binti Binti	BB1	2.40	0.16	2.8	0.91	0.09	1.28
Wyo Well	WW1	1.00	0.16	0.8	0.83	0.04	0.99
Acra	AA1	0.70	0.30	0.5	0.75	0.04	0.91
Total Gindalbie East				4.1	0.88	0.08	1.18
Lake Rebecca	LR1	2.20	0.30	11.6	1.15	0.07	1.46
Lake Rebecca	LR2	1.10	0.15	2.1	1.03	0.03	1.16
Total Lake Rebecca				13.6	1.13	0.07	1.41
Boyce Creek	YE1	1.00	0.20	6.4	0.93	0.09	1.27
Lady Byron	YE2	0.60	0.20	2.8	1.11	0.05	1.30
Aubils	YE3	0.80	0.20	2.9	0.99	0.10	1.37
Total Edjudina				12.1	0.99	0.08	1.30
NON-STRATEGIC ALLIANCE SUB-TOTAL				29.8	1.04	0.08	1.34
HERON TOTAL				182.1	1.07	0.08	1.39

The resource estimate uses intercepts above 0.75% Ni over a minimum 2 metre vertical thickness, with a maximum 2 metre of internal waste within the calculated intercept. The in-situ bulk density is interpreted to be 1.6 where Limonite Ore is predominant, and 2.0 where Siliceous Ore is predominant.

2. EXPLORATION REVIEW

2.1 CAUSE STAGE II STRATEGIC ALLIANCE PROVINCE

Drilling Program

Resource Definition drilling is current to upgrade the status of existing resources to the Indicated Mineral Resource category, in particular within the high grade zones delineated at the Goongarrie South and Scotia Dam Prospects. Within the Strategic Alliance, 22.5% of the resource is now "Indicated".

- ***Stage 1 80x80m Reverse Circulation Drilling***

Due to the excellent June Quarter drilling results, the 80x80m RC drilling has been significantly expanded, with 13,000m still required to quantify the high grade zones delineated at Goongarrie South and Scotia Dam. The program is now anticipated to be completed in the December 2000 Quarter. The aim is to fully evaluate the Goongarrie South resources, which are likely to be the dominant source of Heron toll milling ore feed to Cause Stage II for its 30 year mine life.

- ***Stage 2 PQ Triple Tube Diamond Drilling***

In order to audit the accuracy of RC drill assays and to obtain non-comminuted metallurgical core samples, Heron drilled 8 PQ diamond drill holes within four selected zones at Goongarrie South.

- ***Stage 3 Lateral Continuity Study, 20x20m Reverse Circulation Drilling***

Subject to Strategic Alliance approval, systematic RC drilling is required on a 20x20m grid within the Goongarrie South Limonite Ore. Results from this close-spaced drilling pattern will facilitate detailed geo-statistical modeling, as recommended in a previous independent resource audit.

Goongarrie Resource by Category

Table 2 HERON RESOURCES NL NICKEL PROJECTS INDICATED AND INFERRED MINERAL RESOURCE INVENTORY, 0.75% LOWER NI CUT-OFF					
Project	Category	Tonnes Million	Ni %	Co %	Ni4Co %
Goongarrie Hill	Inferred	15.7	1.09	0.06	1.33
Goongarrie Hill	Indicated	2.0	0.99	0.04	1.14
	<i>Sub-total</i>	<i>17.7</i>	<i>1.08</i>	<i>0.06</i>	<i>1.31</i>
Goongarrie Sth	Inferred	32.5	1.06	0.07	1.39
Goongarrie Sth	Indicated	30.5	1.10	0.11	1.53
	<i>Sub-total</i>	<i>63.0</i>	<i>1.08</i>	<i>0.09</i>	<i>1.44</i>
Scotia Dam	Inferred	9.1	1.10	0.11	1.56
Scotia Dam	Indicated	-	-	-	-
	<i>Sub-total</i>	<i>9.1</i>	<i>1.10</i>	<i>0.11</i>	<i>1.56</i>
Ghost Rocks	Inferred	18.0	0.98	0.08	1.30
Ghost Rocks	Indicated	-	-	-	-
	<i>Sub-total</i>	<i>18.0</i>	<i>0.98</i>	<i>0.08</i>	<i>1.30</i>
Kalpini	Inferred	42.6	1.08	0.07	1.38
Kalpini	Indicated	1.8	1.12	0.06	1.37
	<i>Sub-total</i>	<i>44.4</i>	<i>1.09</i>	<i>0.07</i>	<i>1.38</i>
Sub-total	Inferred	117.9	1.07	0.07	1.35
Sub-total	Indicated	34.3	1.09	0.10	1.51

STRATEGIC ALLIANCE	152.2	1.07	0.08	1.40
---------------------------	--------------	-------------	-------------	-------------

Goongarrie South Drill In-fill Study

Resource Definition drilling at the Goongarrie South - GS2 Zone has demonstrated that the original 400x80m pattern RC drill resource estimate is reasonably robust when compared to the corresponding 80x80m in-fill pattern resource estimate (this is also the case at the Kalpini and Goongarrie Hill deposits). The in-fill drilling has resulted in a minor loss of tonnes at lower cut-off grades, and a minor increase in Ni grade and decrease in Co grade as the drill pattern becomes denser.

The thickness and continuity of ore zones suggests that a good conversion to Reserves can be expected. At this stage, there are three laterally persistent NNW trending parallel zones over a 3km in strike length with metal accumulations commonly above 20m.% NiCo. The high grade ore is open to the north.

Comparative data for Goongarrie South - GS2 Zone is included in Table 3 and Figure 2 following.

Table 3				
Goongarrie South - GS2 Zone Comparative Mineral Resources				
Lower Cut-off Ni%	Tonne Million	Ni %	Co %	Ni4Co %
Inferred Mineral Resource - 400m x 80m RC Drill Density				
0.50	44.85	0.90	0.088	1.25
0.75	27.19	1.09	0.113	1.54
1.00	13.87	1.31	0.155	1.93
Indicated Mineral Resource - 80m x 80m RC Drill Density				
0.50	41.60	0.91	0.085	1.25
0.75	24.63	1.12	0.107	1.54
1.00	13.74	1.32	0.137	1.87

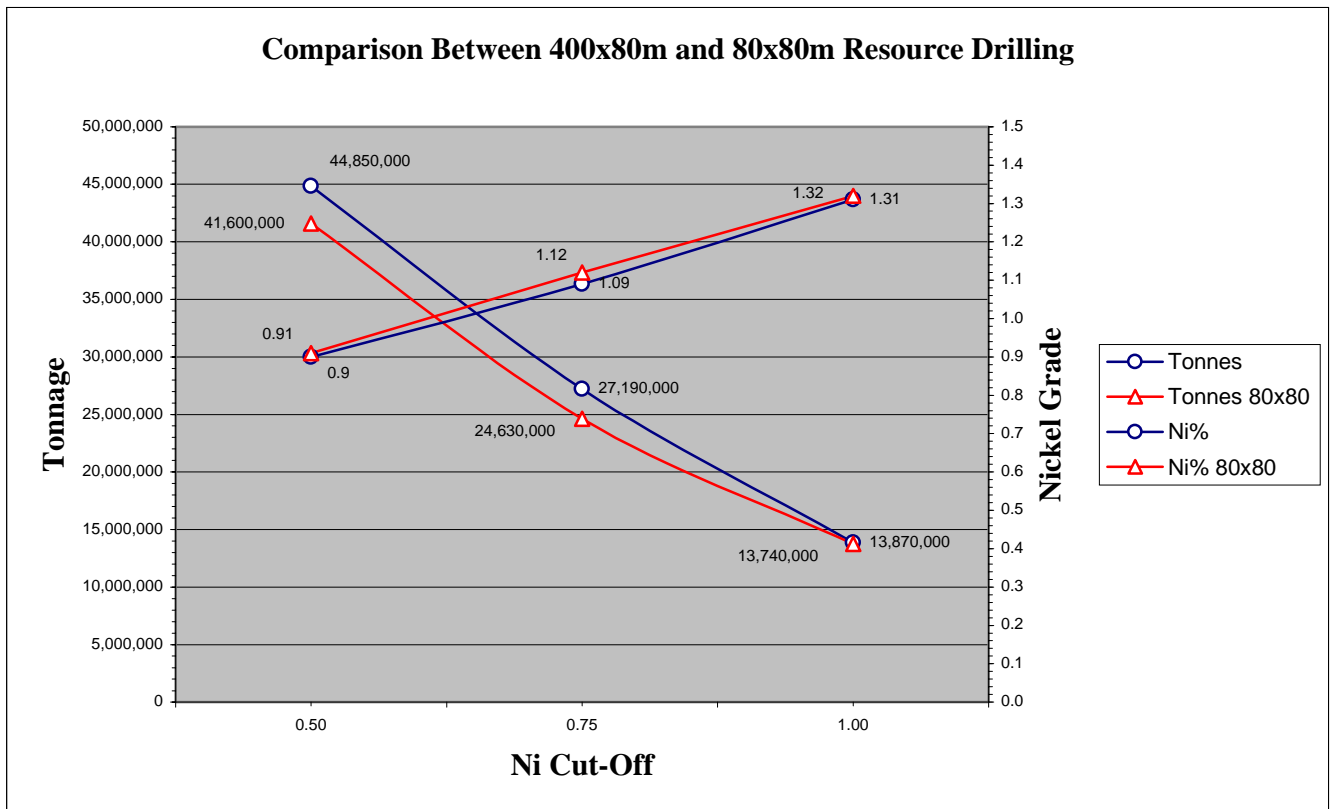


Figure 2
Goongarrie Nickel Project
Goongarrie South - GS2, Comparison of 400x80m and 80x80m Resource Estimates

Goongarrie Nickel Project

Heron 100%. Centaur holds toll milling rights to process ore through Cawse Stage II. Nickel (- gold).

Goongarrie Hill Prospect

During the Quarter, 1,152m of drilling was completed, comprising 58 vertical Reverse Circulation drill holes (GWRC124 to 181, average 20m) on an 80x80m and 20x20m grid. A total 1,152 drill samples were submitted for Heron's multi-element metallurgical suite and screen upgrade assessment.

Two bulk composite of RC drill samples from the Goongarrie Hill mineralisation were submitted to LakefieldOretest Pty Ltd in Perth for full metallurgical analysis including quantitative screen analysis.

Shallow high grade ore centred on drill-holes GWRC088-091 (peak 2m at 1.97% Ni) has been targeted for processing through Cawse Stage I. The ore zone is on a granted Mining Lease. Environmental Performance Bonds have been lodged with the Department of Minerals and Energy, and a Notice of Intent to Mine is in preparation. Drill site rehabilitation has been completed.

Significant mineralised drill intersections returned during the Quarter are detailed in Table 4 following.

Table 4									
GOONGARRIE HILL PROSPECT									
RCP Drilling Significant Intersections, 0.75% Ni Cut-off									
Hole Number	North m	East m	From m	To m	Interval m	Ni %	Co %	Ni4Co %	Ni4Co M%
GWRC124	76,198	1,520	5	11	6	1.18	0.171	1.87	11.21
GWRC150	76,299	1,520	6	13	7	1.24	0.111	1.69	11.81
GWRC174	76,420	1,439	4	11	7	1.14	0.056	1.36	9.52

The 20x20m drilling has confirmed 20-40m wide WNW and ENE high grade zones. It is felt that a Riedel shear system within brittle ultramafic rock controls the distribution of high grade ore zones.

Having completed detailed drilling and metallurgical studies, Heron elected to not nominate ore for Cawse Stage I March 2001 toll milling campaign, due to the current high cost of processing. An alternative profit share toll milling proposal was put to Cawse.

Goongarrie South and Scotia Dam Prospects

During the Quarter, 14,600m of drilling were completed over the central tenement area. A total of 273 vertical Reverse Circulation drill holes (GSRC287 to GSRC559, average depth 53m) were drilled on an 80x80m grid. A total of 6,522 drill samples were submitted for Heron's multi-element metallurgical suite and screen upgrade assessment. Drilling is continuing at Goongarrie South with encouraging ore grade intercepts being returned, confirming the excellent continuity of ore zones.

Drilling of the high grade zones continues to consistently encounter limonitic mineralisation overlying olivine adcumulate ultramafic rocks. The mineralisation has a very low MgO content (commonly less than 2%), suggesting a very low acid consumption and good autoclave performance can be expected.

Diamond drilling (GSDD001-008, 406m) was completed at the Goongarrie South high grade zone and half core despatched to LakefieldOretest for detailed metallurgical testwork.

The Goongarrie wet drilling problems in ore zones are persisting, with downhole petrophysical logging confirming a static water-table at 10-20m. A major Tertiary-aged palaeochannel sand system has been defined traversing the Goongarrie South area from SE to NW. Hydrological studies are current, to evaluate process water capabilities and future pit de-watering requirements. Interestingly, just as seen at

the Cawse Bunyip Pit palaeochannel, very high grade “SiCo” Ni-Co ore may occur at the base of the palaeochannel aquifer.

Significant mineralised drill intersections returned during the Quarter are detailed in Table 5 following.

Table 5									
GOONGARRIE SOUTH PROSPECT									
RCP Drilling Significant Intersections, 0.75% Ni Cut-off									
Hole Number	North m	East m	From m	To m	Interval m	Ni %	Co %	Ni4Co %	Ni4Co M%
GSRC291	68,558	3,039	33	40	7	1.86	0.054	2.07	14.51
GSRC303	68,720	2,563	25	40	15	1.00	0.052	1.21	18.12
GSRC309	68,719	3,043	24	71	47	1.43	0.228	2.35	110.37
GSRC312	68,880	2,561	19	30	11	1.28	0.166	1.94	21.34
GSRC316	68,878	2,880	47	58	11	1.20	0.066	1.46	16.09
GSRC317	68,879	2,960	28	66	38	1.27	0.298	2.46	93.64
GSRC318	68,881	3,040	20	54	34	1.33	0.043	1.50	51.02
GSRC319	68,878	3,123	20	60	40	1.22	0.156	1.85	73.93
GSRC324	68,959	2,801	51	66	15	1.47	0.061	1.71	25.64
GSRC326	68,959	2,961	28	45	17	1.27	0.056	1.49	25.37
GSRC330	69,040	2,718	38	60	22	1.41	0.141	1.98	43.46
GSRC334	69,043	3,040	28	48	20	0.99	0.042	1.16	23.19
GSRC335	69,038	3,121	17	53	36	1.22	0.133	1.75	63.10
GSRC336	68,958	3,120	19	42	23	1.01	0.084	1.34	30.87
GSRC340	69,117	2,641	14	25	11	1.21	0.054	1.43	15.72
			29	49	20	1.42	0.296	2.60	52.04
GSRC344	69,121	2,958	20	28	8	1.31	0.140	1.87	14.93
GSRC346	69,119	3,119	13	45	32	1.40	0.142	1.97	63.16
GSRC354	69,280	3,038	26	62	36	1.40	0.126	1.91	68.61
GSRC355	69,278	3,120	21	43	22	1.20	0.098	1.59	34.91
GSRC357	69,360	2,563	21	34	13	1.07	0.083	1.40	18.19
GSRC358	69,360	2,640	19	58	39	1.06	0.078	1.38	53.73
GSRC359	69,361	2,722	38	49	11	1.34	0.135	1.88	20.70
GSRC362	69,359	2,960	21	45	24	1.17	0.096	1.56	37.35
GSRC363	69,360	3,040	34	84	50	1.37	0.203	2.18	109.23
GSRC377	68,241	3,280	23	37	14	1.67	0.179	2.39	33.45
GSRC378	69,362	2,399	39	50	11	1.34	0.090	1.70	18.73
GSRC379	69,281	2,401	27	58	31	1.05	0.055	1.28	39.53
GSRC396	68,082	2,641	20	35	15	0.99	0.056	1.22	18.24
GSRC397	68,080	2,721	22	36	14	1.31	0.035	1.45	20.31
GSRC398	68,078	2,801	27	42	15	1.04	0.040	1.20	17.93
GSRC399	68,080	2,882	29	60	31	1.26	0.043	1.43	44.29
GSRC413	63,678	4,322	19	44	25	1.07	0.134	1.61	40.23
GSRC419	63,758	4,241	22	34	12	1.20	0.046	1.38	16.55
GSRC420	63,757	4,322	26	56	30	1.11	0.139	1.67	49.98
GSRC424	63,838	4,161	23	40	17	1.12	0.068	1.39	23.59
GSRC425	63,837	4,242	25	38	13	1.07	0.051	1.28	16.62
GSRC440	64,160	4,001	23	40	17	1.25	0.138	1.80	30.62
			47	59	12	1.14	0.035	1.28	15.30
GSRC441	64,156	4,080	21	33	12	1.13	0.091	1.49	17.90
GSRC447	64,239	4,081	24	42	18	0.92	0.061	1.16	20.89
GSRC450	64,236	4,320	19	39	20	0.92	0.095	1.30	25.96
GSRC459	64,557	4,081	24	44	20	0.90	0.044	1.08	21.56
GSRC462	64,560	4,321	4	28	24	1.12	0.093	1.49	35.80
GSRC470	67,680	2,800	32	58	26	0.92	0.065	1.18	30.71
GSRC477	67,520	3,040	37	70	33	1.10	0.073	1.39	45.71
GSRC478	67,520	3,120	24	44	20	1.01	0.058	1.24	24.85
GSRC484	67,680	3,360	10	24	14	1.07	0.164	1.72	24.10
GSRC494	68,080	2,960	21	40	19	0.89	0.029	1.00	19.06
GSRC509	67,840	2,882	10	28	18	1.11	0.118	1.58	28.40
GSRC513	67,758	2,798	26	47	21	0.99	0.089	1.34	28.23

GSRC529	68,160	3,360	20	44	24	1.19	0.070	1.47	35.23
GSRC531	68,320	3,360	12	27	15	1.13	0.125	1.63	24.49

2.1.1 Ghost Rocks Nickel Project

Heron 100%. Centaur holds toll milling rights to process ore through Cawse Stage II.
Nickel (-gold).

During the Quarter, further section interpretation and resource estimation was completed. Survey base stations were set up as a control for resource estimation. Drill site rehabilitation has been completed.

Heron has now acquired the gold rights to the tenement as part of a tenement exchange. A prospective joint venturer has approached Heron regarding exploration for gold at Ghost Rocks.

In-fill drilling on a 400x80m pattern is planned, to upgrade the nickel laterite resource status. Drilling is planned for the September 2000 Quarter, and drill site access has been cleared.

2.1.2 Kalpini Nickel Project

Heron 100%. Centaur holds toll milling rights to process ore through Cawse Stage II.
Nickel (- gold)

A screen upgrade sampling program was completed. Results indicate nickel upgrades ranging from 8% for limonite ore to 21% for siliceous ore. Nickel metal recovery is good at 82% for siliceous ore to 91% for limonite ore.

Rehabilitation of historical drill areas was completed, with the contract awarded to an Indigenous contractor whose work has been very good.

Heron's multi-element analysis procedure has provided potential joint venture partners with data to evaluate the nickel sulphide potential at Kalpini, by providing basal contact copper anomalies.

2.2 SCOTIA KANOWNA PROVINCE

2.2.1 Scotia Kanowna Joint Venture Project

Heron 100%. Delta Gold NL option to farm in to the project.
Nickel - gold.

Gindalbie and Six Mile North Prospects

A detailed data appraisal, regolith interpretation with field confirmation and initial sampling has been completed, with Delta targeting gold hosting structures associated with the Moriarty Shear Zone. Delta may earn 70% through spending \$1,000,000. Heron retains all nickel rights.

Drill access has again been difficult during the Quarter, due to wet ground conditions.

2.2.2 Gindalbie East Project

Heron 100%.
Nickel (- gold).

Binti Binti Prospect

The Binti Binti Prospect is located approximately 80km NE of Kalgoorlie immediately north of the Heron Kalpini Nickel Project. Part of the mineralised zone has been converted to a Mining Lease application.

An RC drilling program was designed for the Binti Binti Prospect with drill collars pegged and access determined. Drilling has had to be postponed due to poor access following prolonged rain in the area.

Acra Nickel Sulphide Prospect

The Acra nickel sulphide mineralisation has been acquired from Fodina Minerals Pty Ltd.

Field mapping at Acra has identified a 700x300m zone of poorly outcropping olivine cumulate lithologies with an outcropping silica cap. Previous drilling has confirmed the presence of nickel laterite mineralisation at its northern margin. Drill collar locations and access has been determined for an RC drilling program planned for the September 2000 Quarter.

Zones of pervasive low grade nickel sulphide mineralisation have been previously drilled by Fodina at Acra, associated with olivine orthocumulate lithologies. Heron has designed a TEM ground survey to follow up the target, including zones of gossan occurrence.

Heron has systematically re-assessed its Gindalbie East ultramafic tenement holding for nickel sulphide targets. Expressions of interest have been received regarding a joint venture on Acra to further explore for nickel sulphide mineralisation, as well as follow up various high grade supergene gold targets.

Wyo Well Prospect

Heron has pegged two Exploration Licences at Wyo Well, providing access on grant to 12km of ultramafic lithologies. Previous tenement holders have encountered nickel laterite mineralisation in RAB drilling. There is potential to extend the known mineralisation in all directions. RAB intercepts recorded include 12m at 0.84% Ni and 4m at 0.81%Ni. Previous exploration has not specifically targeted the nickel laterite potential.

2.2.3 Menzies East Joint Venture Project

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

Golden State advises that regional studies continue.

2.3 EMU FAULT PROVINCE

2.3.1 Kalpini Gold Project

Heron 100%.
Nickel infrastructure - gold.

A joint venturer has approached Heron regarding exploration for gold. Any such arrangement where Strategic Alliance tenements are involved is subject to a pre-emptive right accorded to Centaur.

2.3.2 Transline Joint Venture Project

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

The Transline project covers highly anomalous, +50ppb gold in soil targets associated with the ore-hosting GMQ Shear Zone. GIS compilations were completed, identifying from previous exploration several +1g/t Au RAB anomalies, peaking at 6g/t Au. Newhampton Goldfields can, subject to the completion of formal documentation, earn an 80% interest by expending \$800,000.

Newhampton operate a CIP plant at Jubilee located 50km WSW of Transline, so potential exists for an expeditious cash flow from any discovery.

A number of key tenements have been granted during the Quarter.

2.4 KEITH KILKENNY PROVINCE

2.4.1 Malcolm Nickel Project

Heron 100%.
Nickel (- gold).

The project area is on the western margin of the Keith Kilkenny Tectonic Zone, and adjoins the Apollo Hill gold mining centre.

A joint venturer is likely to farm in on the gold rights at Tampa to the west of the Keith Kilkenny Tectonic Zone. It is proposed that \$750,000 be spent to earn 80% in the gold rights. Heron will retain the nickel rights. Discussions are current with a separate party in respect of gold tenements within the Tectonic Zone proper.

2.4.2 Edjudina Nickel Project

Heron 100%.
Nickel (- gold).

Drill section interpretation was completed for the total Edjudina project area, to update earlier work. Ethnographic surveys are current, and rehabilitation is current on historical drill areas.

Discussions are current with a nickel laterite developer in the Aubils area in respect of joint development opportunities for Heron's non-Strategic Alliance nickel laterite projects.

2.4.3 Edjudina Gold Project

Heron 100%.
Gold.

Expressions of interest in the joint venture of tenements of this project continue to be received. Tenements acquired that have synergies with existing joint venture projects have been included into those joint ventures, and consideration is being given to several potential new joint ventures. Heron in all cases retains nickel rights.

2.4.4 Edjudina Laverton Joint Venture Project

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

Additional tenements were acquired by Heron and incorporated into the Joint Venture.

Edjudina Prospect

RAB drilling was completed at the Honeymoon Dam (E31/288) and Yilgangi Queen (E31/236). Croesus has been an excellent joint venture partner, having completed 8,387m of drilling within the first year of the joint venture, and 2,917m during the current Quarter.

2.4.5 Southern Laverton Tectonic Zone Joint Venture Project

Heron 100%, retains all nickel rights.
Gutnick Resources NL right to earn 80% in gold projects only.

Gutnick Resources are completing a GIS data evaluation, identifying follow up drill targets. Additional tenements have been incorporated into the Joint Venture.

An ethnographic study of two key tenements was undertaken to facilitate their grant.

2.4.6 Mulgabbie Nickel Project

Heron 100%.
Nickel (- gold).

Lake Rebecca Nickel Prospect

An archaeological survey was completed and hydrological exploration is current. Scoping studies are current, with the view to entering a toll milling arrangement. Metallurgical assessment on bulk drill samples continues. An approach has been received from parties that are developing a low pressure extractive technology for nickel laterite.

Evaluation of a nickel sulphide target for joint venture is current.

2.4.7 Karonie South Joint Venture Project

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

A Letter Agreement was signed between WMC Resources Limited ("WMC") and Heron whereby WMC may earn 80% through expending \$300,000, and free carrying Heron through to Decision to Mine.

Ethnographic surveys were completed. WMC has commenced 1x1km gravity surveying, to define structural targets for drill evaluation.

2.5 MUNGARI PROVINCE

2.5.1 Mungari Northwest Joint Venture Project

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

The project now remaining consists of two Exploration Licences awaiting grant. No field work was undertaken during the Quarter.

2.5.2 Mungari Northwest Project

Heron 100%.
Gold.

Appraisal of work carried out by Kundana Gold was completed. A platinum target has been generated in association with the Powder Sill layered intrusive complex.

2.6 LEONORA LAVERTON PROVINCE

2.6.1 Laverton Nickel Project

Heron 100%.
Nickel - gold.

Merolia Prospect

The tenements cover the northern extension to the Cogleia Well nickel laterite-hosting ultramafic unit. Open file records show the presence of nickeliferous laterite. Tenement grant is awaited.

Laverton Prospect

The Mulga Queen and King of Creation gold mines north of Laverton were acquired through pegging. Resource potential for gold is good, and scope exists for tenement exchanges, to secure additional ultramafic sequences in the Laverton area.

2.6.2 Laverton and Mount Morgans Joint Venture Projects

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

Metex advises that reinterpretation of gravity and aeromagnetic data has been completed and a number of targets generated. Geochemical orientation surveys have also been completed in areas of known mineralisation away from the Joint Venture tenements, trialing partial extraction gold techniques that could be used in areas of deeper cover, including the Joint Venture tenements.

2.6.3 Victory Project

Heron 100%.
Nickel - gold.

The Southstar Resources Limited Initial Public Offer ("IPO") failed to proceed. The project area includes areas immediately north along strike of the Thunderbox gold discovery, and is adjacent to the Victory workings where Heron has previously generated drill targets.

With Southstar no longer proceeding, a strong expression of interest was received for inclusion of the Victory Project in a new IPO, with Heron to form an on-going alliance with the proposed IPO in respect of Leonora area gold projects.

2.7 ILLAARA PROVINCE

2.7.1 Lawrence Find Project

Heron 100%.
Copper - zinc - gold - nickel - Platinum Group Elements.

Heron's project area covers the Illaara Greenstone Province, which consists of mafic and felsic volcanics, lavas and sediments bounded to the east by the Perrinvale Fault over a continuous strike of 120km.

A review of all available exploration data within the area has identified several target areas warranting immediate investigation, including a 30km strike "epithermal gold" soil anomaly and a 50m thick massive "VMS" gossan. Several under-explored gold occurrences occur throughout the project and a copper occurrence was drilled within the northern-most tenement.

Heron has defined high priority nickel laterite targets in the western project area, which will be retained 100% by Heron.

Prospector Jack Otway has introduced Heron to a highly prospective platinum target associated with a layered ultramafic complex within Heron's tenement holding, which Jack discovered in the 1970s.

Four tenements have proceeded through the Native Title process to grant.

2.8 IDA FAULT PROVINCE

2.8.1 Snake Hill Joint Venture Project

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

Connemara has completed a drill target definition study, as part of their Emerald Gold Mine development work. Several soil gold anomalies have been targeted for drill testing. The recent gold discoveries by Croesus Mining 20km south at Davyhurst (Giles prospect) have upgraded the area's prospectivity.

2.8.2 Frances Lesley Project

Heron 100%.
Gold - nickel.

The project area is immediately NW along strike from known nickel sulphide drill intercepts. Joint venture offers on both gold and nickel targets have been received, which will be evaluated once key tenements have been granted. Native Title negotiations are current.

2.8.3 Blister Dam Project

Heron 100%.
Nickel - gold.

Delta Gold has withdrawn from its joint venture. Following withdrawal, Heron completed a field evaluation and identified nickel laterite resource targets associated with interpreted Walter Williams Formation ultramafic rock. Previous drilling of gold targets includes intercepts of up to 5m at 0.92% Ni. The ultramafic area has been converted into a Mining Lease application.

New joint ventures on gold targets are being negotiated.

2.8.4 Bullabulling Project

Heron 100%.
Nickel - gold.

Native Title negotiations are being finalised to expedite grant of Exploration Licences. High priority nickel laterite targets are present, located within hauling distance of the Cawse nickel laterite plant.

A party has expressed interest in a gold joint venture on several tenements of this project.

2.8.5 Yilmia Hill, Pioneer and Cowan Projects

Heron 100%.
Nickel - gold.

Heron's geological reconnaissance and interpretation suggests the ultramafic rocks are dominantly spinifex textured komatiite sheet-flows and channels, and accordingly are more prospective for nickel sulphide targets.

An 800x100m MMI soil sampling program was completed. A coincident Au-Pd anomaly was generated, with 10.2ppb Au and 4.2ppb Pd.

A joint venture offer has been received on the Yilmia to Pioneer tenements for their nickel sulphide potential. A high priority nickel sulphide target has been generated, and will be drill tested on grant of the tenements.

2.9 KAMBALDA DOMAIN PROVINCE

2.9.1 Binduli East Joint Venture Project

Heron 100%. AngloGold Australasia Limited right to earn 75% Gold - nickel.

AngloGold Australasia Limited has the right to earn a 75% interest in the tenements by expending \$500,000. Heron will continue to be free carried to the commencement of mining.

2.9.2 Kurramia and Mount Martin Projects

Heron 100%.
Gold - nickel.

The intensely gold mineralised Boorara Shear Zone underlies the project areas. In addition, ultramafic units in the area have documented lateritic nickel-cobalt. Target generation is on-going. A previous soil geochemical survey returned anomalies of up to 1,100ppb Au.

2.10 SOUTHERN CROSS PROVINCE

2.10.1 Bungalbin Project

Heron 100%.
Gold - nickel - diamonds.

The project area is east along strike of the Marda gold mining centre and west and adjacent to the Mount Dimer gold mine, within an area of pervasive laterite cover. The main gold ore host in the region is banded iron formation (BIF).

Lateritic nickel potential in footwall ultramafics is indicated from Heron's literature reviews. Follow up of the target is awaiting grant of Exploration Licences.

Southstar Resources Ltd failed to complete their IPO, so no joint venture will proceed.

2.10.2 Bungalbin Iron Royalty Project

Heron 100%. Portman Mining Ltd rights to iron ore through a royalty payment to Heron.
Iron ore.

The project area includes an iron ore **Inferred Mineral Resource** estimated from Heron's open file study of **65.7 million tonne at 57.9% Fe**, with a calcined grade of 64.1% Fe. All tenements have been granted, and are currently being endorsed by the State for iron ore.

Portman Mining Ltd is completing a mining assessment for iron ore to supplement the Koolyanobbing operation. The Portman Mining Feasibility Study is current, looking at building a railway from Koolyanobbing to Bungalbin, for ore shipment to Esperance. Heron holds a Royalty entitlement over iron ore production from Bungalbin.

2.10.3 Maggie Hayes Hill Project

Heron 100%
Nickel - gold.

Joint venture interest has been expressed in the project area, which covers a komatiite-basalt contact within the nickel sulphide-hosting Maggie Hays komatiite belt. A tenement swap or farm-out is being considered.

2.11 BREMER-EUCLA PALAEODRAINAGE PROVINCE

2.11.1 Balladonia, Dundas and Ravensthorpe Oil Shale Projects

Heron 100%.

Oil shale - lignite - sulphur - limestone - heavy mineral sands-vanadium.

The 6,353km² Balladonia, Dundas and Ravensthorpe project areas located 200km S of Kalgoorlie in the Bremer-Eucla Palaeodrainage Province and have indications of substantial oil shale and lignite resources, exceeding 1.57 billion tonne at an indicative oil yield of 95 litres per tonne ("l/t").

Based on Heron's GIS compilation, the Company controls in excess of 600km² of prospective oil shale basins. Documented oil shale-lignite resources are held at Balladonia, Balladonia West 1-9, Coobaninya, Florabel, Mount Beaumont, The Yates, The Cups and Flower.

Heron is finalising a Scoping Study using Balladonia West 7 as the conceptual ore model (high oil yield, low strip ratio, proximity to downstream energy users).

Potential production of syncrudes from lignite by pyrolysis, gasification or hydrogenation is also being assessed.

With the crude oil price now firmly entrenched at greater than A\$30 per barrel, the commercial attractiveness of oil shale as an alternate energy source increases. A joint venturer who is prepared to evaluate alternate technologies is to be sought. Heron has compiled a detailed oil shale data base which is available in Perth for due diligence assessment.



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.