



ACN 068 263 098

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

30 April 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 31 MARCH 2000**

**1. SUMMARY**

- As at 31 March 2000, the total **Indicated and Inferred Mineral Resource** above a 0.75% Ni cut-off for the Goongarrie-Ghost Rocks-Kalpini and satellite nickel projects is **180.0 million tonne at 1.07% Ni and 0.09% Co**. During the Quarter infill drilling commenced at the Goongarrie project area, where 3,692m of Reverse Circulation drilling in 85 holes was completed. Holes are being drilled on an 80x80m pattern targeting zones of high-grade limonite and screenable siliceous ore. Unseasonably wet field conditions meant that most drilling was restricted to areas of low grade siliceous mineralisation associated with silica cap ridges at Goongarrie Hill.
- The **Indicated and Inferred Mineral Resource** above a 0.50% Ni cut-off for the Goongarrie-Ghost Rocks-Kalpini and satellite nickel projects is **396.6 million tonne at 0.81% Ni and 0.07% Co**. The contained metal is 3.2 million tonne nickel and 0.3 million tonne cobalt. The Fully Diluted Inferred Mineral Resource is 457.9 million tonne at 0.73% Ni and 0.06% Co.
- **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**. A Takeover Response Committee was convened by Heron on 9 February to deal with bid issues.  
  
On 14 March 2000, Heron Resources NL ("**Heron**") responded to the bid with a Part D Statement which included an Independent Experts' Report valuing Heron shares at 77 to 99 cents, with a **preferred value of 86 cents per share**. The Independent Directors of Heron recommended that shareholders reject the inadequate and opportunistic offer by Centaur. The shares have traded in a range of 31 cents (day before bid) to 42 cents.
- Heron's exploration focus for the March 2000 Quarter has been the **delineation of high grade nickel-cobalt mineralisation at the Goongarrie Project**. Significant drill results to date at a 0.75% Ni cut-off include:

**Goongarrie South**

- GSRC259 21m at 1.41% Ni and 0.22% Co from 15m
- GSRC266 09m at 1.29% Ni and 0.16% Co from 17m
- GSRC276 22m at 1.32% Ni and 0.25% Co from 18m
- GSRC282 12m at 1.40% Ni and 0.16% Co from 28m
- GSRC286 04m at 1.46% Ni and 0.07% Co from 16m
- GSRC286 08m at 1.31% Ni and 0.07% Co from 28m

**Goongarrie Hill**

- GWRC075 06m at 1.23% Ni and 0.06% Co from 12m
- GWRC088 02m at 1.97% Ni and 0.08% Co from 01m
- GWRC091 05m at 1.75% Ni and 0.02% Co from 16m

- GWRC098 16m at 1.12% Ni and 0.02% Co from 07m

## CORPORATE STRATEGY

The Heron Board continues to examine opportunities for delivering additional value to shareholders. The Centaur bid has precipitated a great deal of corporate interest in Heron and, in particular, various opportunities which were being considered pre-bid are now being advanced in one way or another to firm conclusions.

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

- Commenced upgrading the nickel laterite resources from Inferred to Indicated Mineral Resource;
- Delineated and confirmed significant high grade nickel-cobalt resources at the Goongarrie discovery;
- Acquired additional nickel laterite resources at Binti Binti, Acra and Wyo Well all in the Kalpini area;
- Farmed out the majority of the non-nickel projects, with six new agreements having been concluded with total expenditure commitments of up to \$3.8 million, with all Joint Ventures such that Heron is free carried to Decision to Mine and in most cases retains the nickel rights; and
- Commenced high level discussions with specialised industry participants on the future development options for Heron's nickel laterite resources.

### *Current Resource Estimation Drilling*

Heron is a very focussed nickel company, with all exploration effort concentrated on converting the Company's substantial resources into reserves. To this end, a second drilling rig is due on site at Goongarrie in early May, to ensure that all 80x80m Goongarrie resource drilling is completed during June 2000 Quarter.

In terms of potential **Cawse Stage I** production, the drilling results summarised on page 1 of this report include GWRC088-091 from a granted mining lease at Goongarrie Hill. Shallow high grade limonite mineralisation has been identified in a zone previously considered to be low grade siliceous mineralisation. To date, the high grade zones include **39,520 tonne at 1.85% Ni and 0.03% Co**, as defined by the 80x80m in-fill drilling.

The in-fill drilling at Goongarrie Hill has confirmed the previous 400x80m resource estimates. This result would be as expected, since Goongarrie Hill tends to be a more low grade and thus uniform style of siliceous mineralisation. The unexpected result at Goongarrie Hill has been the identification of narrow structurally controlled high grade limonite zones such as GWRC088-091. This style of mineralisation is difficult to locate from the 400x80m reconnaissance drilling, but is an important contribution to project viability, due to the high grades and high unit value of the ore. The Goongarrie Hill results suggest that areas of similar low grade siliceous mineralisation such as that occurring at Ghost Rocks and Kalpini will also warrant detailed drill appraisal, after the current Goongarrie drilling is completed in June 2000.

### *Corporate Developments*

The Directors believe that in Goongarrie, subject to further work confirming and adding to results received to date, the Company 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 may well be among the best when it comes to development of the second generation nickel laterite projects.

The main element of Heron's current corporate negotiations is the development of a strategy for a stand-alone Heron nickel laterite processing operation. The current scenario is Heron utilising the strong, low-risk cash-flow of its Cawse Stage II production entitlement, to develop a 100% Heron-owned Pressure Acid Leach plant, which may in all likelihood supply a Ni-Co hydroxide intermediate product to an existing refinery.

Heron has been articulating rationalisation within the Eastern Goldfields nickel industry since April 1999. The Heron Strategic Alliance with Cawse in August 1999 was a move towards that style of rationalisation. With the increasingly high quality and great strategic value of Heron's nickel laterite acquisitions (as confirmed by the current Centaur bid), Heron now well and truly has a seat at the nickel industry table. Discussions with well-credentialed industry participants are continuing and Directors hope to be in a position to advise shareholders of the successful progress of those discussions during the June 2000 Quarter.

*The Directors believe shareholders should be entitled to participate fully in the value of the high quality Heron nickel resources, rather than pass that value on to a company making an opportunistic, unsolicited and totally inadequate bid for control of Heron.*

## RESOURCE STATEMENT

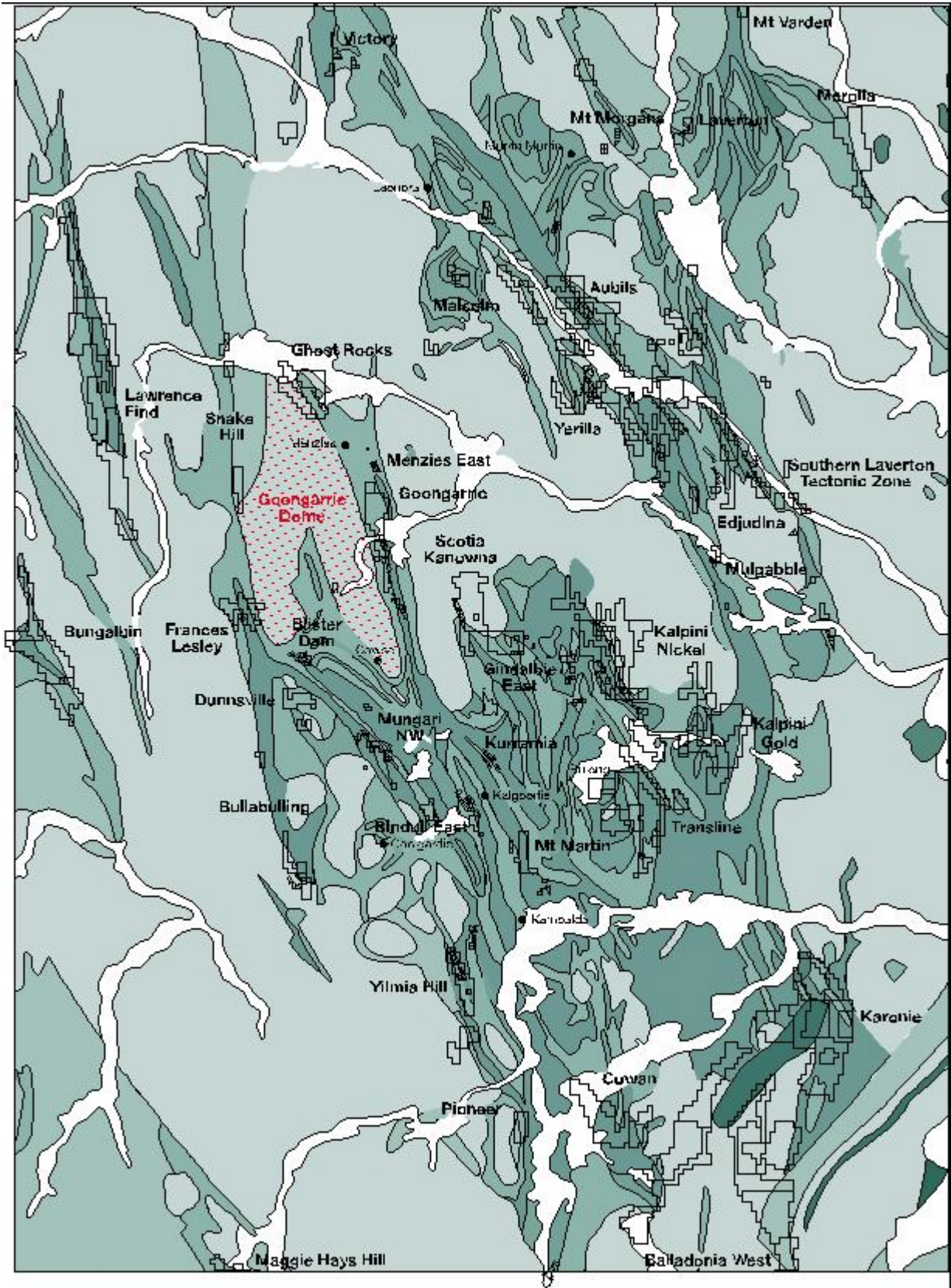
On the basis of Heron 400x40-80m reconnaissance drilling, outcrop exposures, old drill-hole sampling, and magnetic interpretation, the total Heron Inferred Mineral Resource at a 0.75% Ni cut-off is:

<b>Table 1</b>							
<b>HERON RESOURCES NL NICKEL PROJECTS</b>							
<b>INDICATED AND INFERRED MINERAL RESOURCE INVENTORY,</b>							
<b>0.75% LOWER NI CUT-OFF</b>							
<b>Project</b>	<b>Pit</b>	<b>Strike km</b>	<b>Width km</b>	<b>Tonne Million</b>	<b>Ni %</b>	<b>Co %</b>	<b>Ni4Co %</b>
Goongarrie Hill	GN1	5.80	0.20	16.0	1.08	0.06	1.31
Goongarrie South	GN2	7.00	0.30	66.2	1.08	0.11	1.51
Scotia Dam	GN3	2.40	0.30	10.3	1.10	0.11	1.56
<b>Total Goongarrie</b>				<b>92.6</b>	<b>1.08</b>	<b>0.10</b>	<b>1.48</b>
Ghost Rocks	GR1	3.00	0.08	5.2	0.91	0.12	1.39
Ghost Rocks	GR2	4.50	1.00	11.1	1.02	0.06	1.26
<b>Total Ghost Rocks</b>				<b>16.2</b>	<b>0.98</b>	<b>0.08</b>	<b>1.30</b>
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	3.1	1.04	0.08	1.36
Wellington East	KA4	1.90	0.20	7.0	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
<b>Total Kalpini</b>				<b>41.8</b>	<b>1.08</b>	<b>0.07</b>	<b>1.38</b>
<b>STRATEGIC ALLIANCE SUB-TOTAL</b>				<b>150.7</b>	<b>1.07</b>	<b>0.09</b>	<b>1.43</b>
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
<b>Total Gindalbie East</b>				<b>3.6</b>	<b>0.89</b>	<b>0.08</b>	<b>1.22</b>
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
<b>Total Rebecca</b>				<b>13.6</b>	<b>1.13</b>	<b>0.07</b>	<b>1.41</b>
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
<b>Total Edjudina</b>				<b>12.1</b>	<b>0.99</b>	<b>0.08</b>	<b>1.30</b>
<b>NON-STRATEGIC ALLIANCE SUB-TOTAL</b>				<b>29.4</b>	<b>1.04</b>	<b>0.08</b>	<b>1.34</b>
<b>HERON TOTAL</b>				<b>180.0</b>	<b>1.07</b>	<b>0.09</b>	<b>1.42</b>

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. Resource intercepts on a grid of 80x80m or less are categorised "Indicated". Where the grid spacing is greater than 160x80m the resource category is "Inferred". The Goongarrie resources are currently undergoing in-fill drilling, so that the inventory is subject to continual change, with resource estimates not expected to be finalised until the June 2000 Quarterly Report.



Figure 1  
Heron Resources NL Project Locations



## 2. EXPLORATION REVIEW

### 2.1 CAUSE STAGE II STRATEGIC ALLIANCE PROVINCE

#### *Independent Audit*

An Independent Consultant has completed a draft audit of the resource base.

<b>Table 2 RESOURCE COMPARISONS</b>						
<b>Project</b>	<b>INDEPENDENT CONSULTANT Recoverable Resource Estimation 0.5% Ni Cut-off Grade Block Model</b>			<b>HERON RESOURCES NL Fully Diluted One Metre Selvedge 0.5% Ni Cut-off Grade Polygonal End Area</b>		
	million tonne	% Ni	% Co	million tonne	% Ni	% Co
Goongarrie	229	0.74	0.06	233	0.74	0.06
Kalpini	103	0.73	0.04	104	0.74	0.05
Lake Rebecca	26	0.84	0.04	24	0.87	0.05
<b>TOTAL</b>	<b>358</b>	<b>0.74</b>	<b>0.05</b>	<b>361</b>	<b>0.75</b>	<b>0.05</b>

Results appear to be quite acceptable at a 0.5% Ni cut-off grade. At progressively higher cut-off grades, the Block Model estimates are increasingly lower than the Polygonal estimates. This is as expected when wide spaced drilling (400x80m) is used in Block Modelling.

The Consultant noted in the draft report:

- “The present drill hole spacing is adequate to define Inferred Mineral Resource”.
- “Strongly recommends drilling patterns of close-spaced holes (10m spacing) to measure short-scale variability of grades and material types”.
- “Recommends PQ triple tube diamond drilling as a tool for testing that RC samples are representative”.

#### ***Drilling Program***

Heavy and persistent cyclonic rain has caused some delay to the proposed drilling for the Quarter with access to low lying “sheet-wash” areas precluded. A Three Stage resource definition program involving 20,000m RC and 350m Diamond Drilling has now commenced and is 20% complete. This drilling will upgrade the status of existing resources to the Indicated Mineral Resource category, in particular within four high grade zones delineated at the Goongarrie Hill, Goongarrie South and Scotia Dam Prospects.

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

The main thrust will be the systematic RC drilling on an 80x80m drill pattern of high grade zones delineated by the 400x80m drill program. Approximately 400 vertical RC drill holes for 18,000m is current.

The aim is to upgrade the status of existing resources, as the primary source of Heron ore feed for 30 years to the Cause Stage II Screened Ore Circuit.

- ***Stage 2 PQ Diamond Drilling***

To quantify the confidence level of the RC drill hole samples within the Goongarrie Project, Heron proposes to drill eight (8) PQ diamond drill holes within four selected high grade zones, as recommended in the resource audit.

- ***Stage 3 Lateral Continuity Study, 40x20m Reverse Circulation Drilling***

Subject to Strategic Alliance approval, systematic RC drilling is planned on a 40x20m grid within two representative high-grade zones of Goongarrie Hill siliceous ore and Goongarrie South limonite ore. Results from this close-spaced drilling will facilitate detailed geo-statistical modeling, as recommended in the resource audit (initially on a 20m pattern rather than the recommended 10m pattern).

Resource estimates based on the current round of drilling on an 80x80m grid fall into the Indicated Mineral Resource category as defined by the JORC code. Accordingly, resource estimates are being revised by category as results are received.

**Goongarrie Resource by Category**

<b>Table 3 HERON RESOURCES NL NICKEL PROJECTS INDICATED AND INFERRED MINERAL RESOURCE INVENTORY, 0.75% LOWER NI CUT-OFF</b>					
<b>Project</b>	<b>Category</b>	<b>Tonnes (Million t)</b>	<b>Ni Grade (%)</b>	<b>Co Grade (%)</b>	<b>Ni4Co Grade (%)</b>
<b>Goongarrie South</b>	Inferred	61.3	1.08	0.11	1.51
<b>Goongarrie South</b>	Indicated	4.9	1.09	0.11	1.52
	<b>Total</b>	<b>66.2</b>	<b>1.08</b>	<b>0.11</b>	<b>1.51</b>
<b>Goongarrie Hill</b>	Inferred	14.2	1.09	0.06	1.33
<b>Goongarrie Hill</b>	Indicated	1.8	0.99	0.04	1.14
	<b>Total</b>	<b>16.0</b>	<b>1.08</b>	<b>0.06</b>	<b>1.31</b>
<b>Kalpini</b>	Inferred	40.4	1.08	0.07	1.38
<b>Kalpini</b>	Indicated	1.5	1.12	0.06	1.37
	<b>Total</b>	<b>41.8</b>	<b>1.08</b>	<b>0.07</b>	<b>1.38</b>

As previously demonstrated with the Kalpini drilling data, the difference at Goongarrie Hill when comparing the original 400x80m pattern with the 80x80m in-fill pattern was minimal.

Comparative data for Goongarrie Hill is included in Table 4 and also in the accompanying Figure 3 graph.

<b>Table 4 Goongarrie Hill (M29/167) Comparative Mineral Resources</b>				
<b>Lower Ni% Cut-off</b>	<b>Million Tonne</b>	<b>Ni%</b>	<b>Co%</b>	<b>Ni4Co%</b>
<b>Inferred Mineral Resource - 400m x 80m RC Drill Density</b>				
0.50	6.90	0.71	0.032	0.84
0.75	1.67	1.02	0.035	1.16
1.00	0.40	1.34	0.021	1.42
<b>Indicated Mineral Resource - 80m x 80m RC Drill Density</b>				
0.50	6.67	0.71	0.033	0.84
0.75	1.78	0.99	0.039	1.14
1.00	0.47	1.26	0.032	1.39

Detailed multi-element geochemistry has been completed on the drill data base to categorise ore styles:

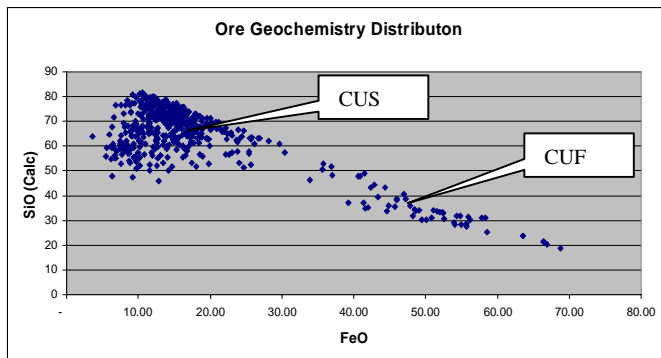


Figure 2

Goongarrie Nickel Project

Differentiation of Limonite and Siliceous Mineralisation Styles, Goongarrie Hill

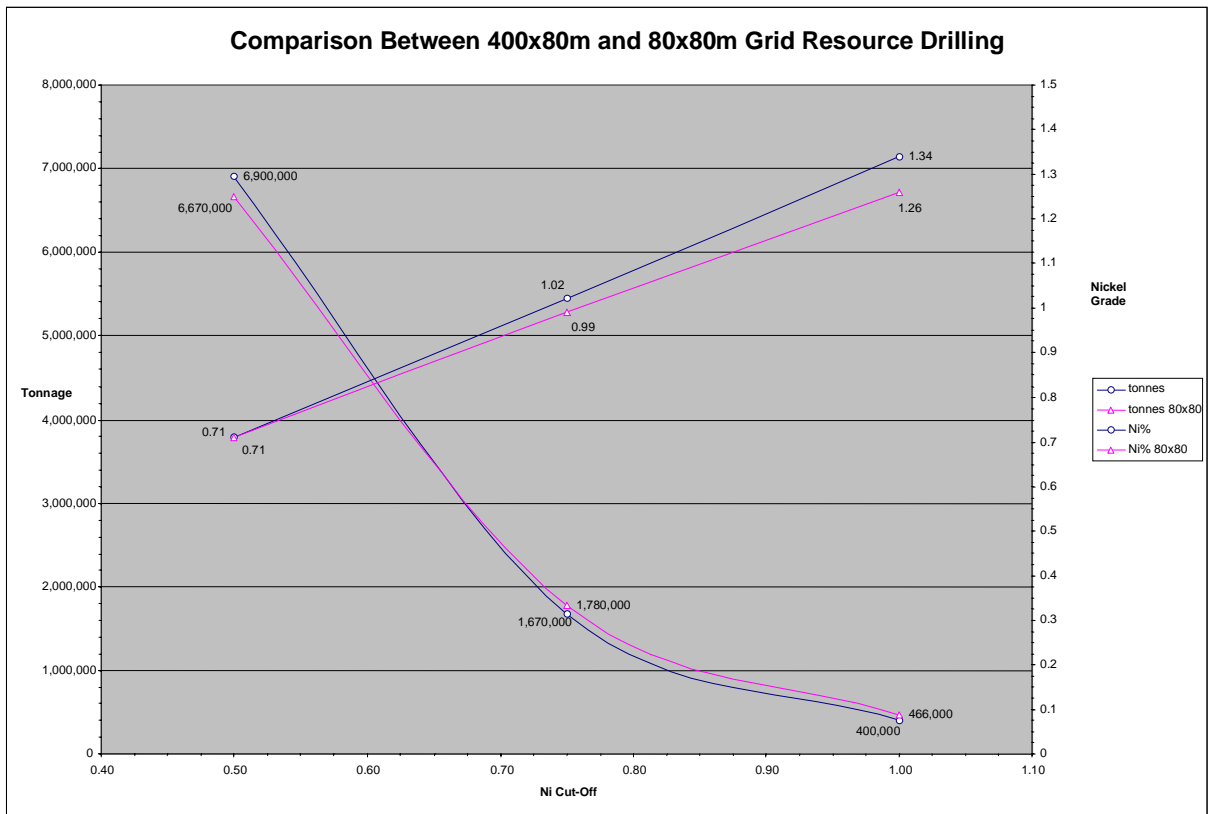


Figure 3  
Goongarrie Nickel Project  
Goongarrie Hill, Comparison of 400x80m and 80x80m Resource Estimates

As part of Heron’s negotiation with the Native Title custodians of the Goongarrie area, the Company is proud to have become the major sponsor of Ngunytju Tjitji Pirmi Aboriginal Corporation (“NTP”), an organisation committed to Aboriginal mother and children’s health in the Eastern Goldfields. Heron has long sponsored the annual NTP Baby Competition.

**2.1.1 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, 2,085m of drilling were completed, comprising 51 (GWRC073 to 123) vertical Reverse Circulation drill holes on an 80x80m grid.

Mineralised zones at Goongarrie Hill tend to consist of slightly lower grade siliceous ore occurring at shallow depths. Drill composites totalling 137 were submitted for screen upgrade assessment. Screen upgrades for nickel and cobalt are both very good. At a -0.5mm screen size, there is a 40% coarse (silica) reject, increasing both nickel and cobalt grades by 35%, with 76% of metal retained. This result is comparable to published data for the Cawse nickel project.

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

Shallow high grade ore centred on 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. Colour aerial photography and a flora and fauna survey have been contracted for base-line environmental studies. An archaeological survey has been completed. Environmental Performance Bonds have been lodged with the Department of Minerals and Energy, and a Notice of Intent to Mine is in preparation.



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

Table 5 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 %
GWRC075	76,080	1,560	9	18	9	1.07	0.061	1.32
			29	31	2	0.97	0.017	1.03
GWRC082	76,240	1,400	12	19	7	1.04	0.049	1.23
GWRC083	76,240	1,480	1	5	4	1.26	0.065	1.52
GWRC088	76,320	1,480	1	3	2	1.97	0.077	2.27
GWRC089	76,320	1,560	13	19	6	0.76	0.029	0.88
GWRC091	76,480	1,320	16	21	5	1.75	0.015	1.81
GWRC093	76,480	1,480	5	12	7	0.99	0.029	1.11
			25	29	4	1.11	0.016	1.18
GWRC098	76,560	1,560	4	24	20	1.06	0.023	1.15
GWRC099	75,920	1,320	20	23	3	1.06	0.070	1.34
GWRC110	76,400	1,400	7	18	11	0.86	0.041	1.02
GWRC114	76,240	1,440	24	26	2	0.86	0.033	0.99
GWRC117	75,840	1,480	26	31	5	1.04	0.027	1.15
GWRC123	76,560	1,600	13	24	11	0.94	0.051	1.15

Once metallurgical performance is confirmed, a detailed 40x20m RC drilling program will be recommended for geostatistical audit of the mineralisation.

#### Goongarrie South and Scotia Dam Prospects

During the Quarter, 1,607m of drilling were completed over the central tenement area. Drilling was significantly delayed due to unseasonal rain throughout summer precluding access to low lying areas of sheet wash. A total of 34 (GSRC253 to GSRC286) vertical Reverse Circulation drill holes on an 80x80m grid were drilled. Drilling is continuing at Goongarrie South with encouraging ore grade intercepts being returned, confirming the continuity of ore zones. The Goongarrie wet drilling problems in ore zones are persisting.

Drilling in the high grade zones has consistently encountered limonitic mineralisation overlying olivine accumulate. The mineralisation has a very low MgO content (commonly less than 2%), suggesting a very good autoclave performance can be expected.

Significant mineralised drill intersections returned during the Quarter are detailed in Table 6 following.

Table 6 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 %
GSRC259	68,240	2,720	11	38	27	1.31	0.203	2.12
GSRC265	68,320	2,640	32	36	4	1.11	0.061	1.35
			40	45	5	1.01	0.075	1.31
GSRC266	68,320	2,720	13	26	13	1.16	0.123	1.65
GSRC267	68,320	2,800	12	18	6	1.00	0.062	1.24
GSRC275	68,480	2,565	30	63	33	0.88	0.078	1.19
GSRC276	68,480	2,640	18	40	22	1.32	0.247	2.30
GSRC281	68,480	3,040	20	28	8	1.01	0.043	1.18
			32	36	4	1.09	0.059	1.33
GSRC282	68,480	3,120	28	40	12	1.40	0.156	2.03
GSRC286	68,560	2,640	12	20	8	1.13	0.100	1.53
			28	36	8	1.31	0.072	1.59

A nickel sulphide target delineated at Scotia Dam is currently subject to Joint Venture discussions.

### **2.1.2 Ghost Rocks Nickel Project**

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

During the Quarter, section interpretation, digitising and resource estimation was 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 (currently too wide spaced for block modelling). Drilling is planned for the September 2000 Quarter.

### **2.1.3 Kalpini Nickel Project**

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

A screen upgrade sampling program, comprising 500 samples from Zones 1 to 8, is current to determine the upgrade potential for the various Kalpini ore types. Results to date indicate nickel upgrades ranging from 8.4% for limonite ore to 21.1% for siliceous ore. Nickel metal recovery is good at 82% for siliceous ore to 91% for limonite ore. These qualitative data will be controlled against the quantitative screening data previously generated through the 1999 Orestest metallurgical study.

Following Heron's multi-element analysis, potential joint venture partners are evaluating the nickel sulphide exploration potential at Kalpini, following up 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 and field inspection has generated both gold and nickel laterite targets. The main gold target is the Moriarty Shear Zone in the SW project area, where alluvial gold is recorded. Delta Gold NL have, subject to final documentation, entered into an option to joint venture agreement for gold only. Heron retains all nickel rights. Drill access has not been possible 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. The tenement comprises a wedge of northerly striking interlayered komatiite, basalt and felsic volcanic rock. Alluvium and laterite obscures bedrock.

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**

A tenement which provides tenure to the Acra nickel sulphide target has, subject to the completion of final documentation, been acquired from Fodina Minerals Pty Ltd.

Heron is systematically re-assessing its Gindalbie East ultramafic tenement holding for nickel sulphide targets. Expressions of interest have been received regarding a joint venture 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 12 kilometres 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 prospective 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%.  
Nickel (- gold).

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

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).

A probable olivine cumulate sequence has been defined for lateritic nickel assessment.

The project area is on the western margin of the Keith Kilkenny Tectonic Zone, and adjoins the Apollo Hill gold mining centre. This geological setting suggests that gold prospectivity is high. A joint venturer is likely to farm in on gold tenements at Tampa to the west of the Keith Kilkenny Tectonic Zone, and discussions are current in respect of 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 so that it conforms with later interpretation methodology developed for Goongarrie.

Tenement rationalisation is continuing, with non-joint ventured tenements lacking ultramafic rocks being surrendered. Ethnographic surveys are current.

#### **2.4.3 Edjudina Gold Project**

Heron 100%.  
Gold.

##### **Edjudina Prospect**

Joint venture interest in tenements of this project continues 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.

##### **Edjudina Prospect**

RAB drilling was completed at the Honeymoon Dam (E31/288) and Yilgangi Queen (E31/236) prospects during the quarter, totalling 34 holes for 1,070 metres. Croesus have been an excellent joint venture partner, having completed 8,387m of drilling within the first year of the joint venture.

At Honeymoon Dam three 1.2km spaced drill traverses were completed with holes spaced at 100-200 metres. Holes encountered massive to weakly foliated siltstones and felsic volcanoclastic rocks with zones of weak carbonate-sericite alteration and quartz-carbonate veining common.

Best result was ENRB169, 1m at 0.23g/t Au from 52m at Honeymoon Dam. No significant results were received from Yilgangi Queen.

Additional tenements were acquired by Heron and incorporated into the Joint Venture. Three Joint Venture tenements underwent Native Title clearance and were granted.

##### **Varden Prospect**

No fieldwork was completed during the current Quarter. A serpentinite located in previous Croesus drilling will be evaluated by Heron for its lateritic nickel potential.

#### **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**

Drill section interpretation was completed for the Lake Rebecca project area, to update earlier work so that it conforms with later interpretation methodology developed for Goongarrie.

An archaeological survey was completed. Scoping studies are current, with the view to entering a toll milling arrangement. Metallurgical assessment on bulk drill samples has commenced. An approach has been received from parties that are developing a low pressure extractive technology for nickel laterite. While experimental at present, Heron considers it prudent to support the evaluation of alternative nickel laterite extractive technologies.

#### **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.

Regional appraisals have commenced ahead of field work planned for later in the year.

### **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 is nearly complete. There is little scope for nickel mineralisation and therefore a replacement joint venture partner will be sought.

### **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 gold mine north of Laverton was 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.

Ground appraisal of target zones has been hampered by wet ground.



### **2.6.3 Mount Fouracre Joint Venture Project (formerly Victory Project)**

Heron 100%. Southstar Resources Limited right to earn 80% in gold only.  
Nickel - gold.

Pending the success of their Initial Public Offer (“IPO”), Southstar Resources Limited have agreed to farm in to the Doyle Well-Victory Gold Mine and adjacent tenements, collectively referred to as Mount Fouracre, to explore for gold. The project area includes areas along strike of the Thunderbox gold discovery, and is adjacent to the Victory workings where drill targets have been previously generated by Heron.

Southstar have the right to earn up to an 80% equity in gold mineralisation through expending \$500,000 within five years. Heron may elect to contribute at a pro-rata 20% of further expenditure or continue to be free carried to the commencement of mining with a 15% interest.

## **2.7 ILLAARA PROVINCE**

### **2.7.1 Illaara Joint Venture Project (formerly Lawrence Find Project)**

Heron 100%. Southstar Resources Limited right to earn 80%.  
Copper - zinc - gold - nickel - Platinum Group Elements.

Heron’s Joint Venture project 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.

Pending the success of their IPO, Southstar Resources Limited have agreed to farm in to the Illaara Project, to explore for gold and base metals. Southstar have the right to earn up to 80% equity in the project through expending \$500,000 within five years. Heron will continue to be free carried to the commencement of mining.

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 have 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.

### **2.8.2 Frances Lesley Project**

Heron 100%.  
Gold - nickel.

The project area is immediately NW along strike from known nickel sulphide drill intercepts. An expression of joint venture interest has been received, which will be evaluated once key tenements have been granted. Native Title negotiations are current.

### 2.8.3 Blister Dam Joint Venture Project

Heron 100%. Delta Gold NL right to earn 75%.  
Gold (- nickel).

Delta Gold has completed an Air Core drilling program designed to test four structural targets. A best intercept of 15m at 0.44/t Au from 35m was intercepted in BDA267 from within the Carnage Shear Zone. Anomalous results are listed in Table 7 following.

Table 7 BLISTER DAM JOINT VENTURE PROJECT Air Core Drilling: Significant Intersections							
Hole Number	North local	East local	From m	To m	Interval m	Au g/t	Comment
BDA228	49,850	18,650	35	47	12	0.33	carbonate alteration
BDA235	50,300	18,850	20	25	5	0.10	
BDA237	50,200	18,850	10	15	5	0.10	
BDA267	50,200	19,320	35	50	15	0.44	Carnage Shear
BDA273	50,100	19,520	15	20	5	0.10	
BD277	50,000	19,520	10	20	10	0.12	

Potential exists for strike extensions of at least 600m to the anomalous zone both east and west of the intercept in BD267.

### 2.8.4 Bullabulling Project

Heron 100%.  
Nickel - gold.

Native Title negotiations have commenced 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.

#### Yilmia Hill Prospect

Initial geological interpretation suggests the ultramafics are dominantly spinifex textured komatiite flows, and accordingly are more of a nickel sulphide target.

An MMI soil sampling program was completed within the tenement, with samples taken in an 800x100m grid. Assays were received for Au, Ag, Pd, Co and Ni. A coincident Au-Pd anomaly was generated, with 10.2ppb Au and 4.2ppb Pd.

A potential joint venture partner has expressed interest in exploring the Yilmia to Pioneer tenements for their nickel sulphide potential.

## 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, subject to the completion of final documentation, 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.

Joint venture discussions on gold rights only are current.

## 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. All Native Title parties have agreed to sign State Deeds to facilitate the grant of the E77/842. Mount Jackson tenements have been granted.

### 2.10.2 Bungalbin Iron Royalty Project

Heron 100%. Portman Mining Ltd right to acquire iron ore rights 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 at **65.7 million tonne at 57.9% Fe**, with a calcined grade of 64.1% Fe.

Portman is completing a mining assessment for ore to supplement the Koolyanobbing iron ore operation. Heron holds a Royalty entitlement over iron ore production from Bungalbin. A Heritage Protection Agreement is being finalised.

### 2.10.3 Bungalbin Diamond Joint Venture Project

Heron 100%. Southstar Resources Limited right to earn up to 90% in diamonds only.  
Diamonds

Pending the success of their IPO, Southstar Resources Ltd have agreed to farm in to the Bungalbin project, to explore and earn rights to diamonds only. Southstar have the right to earn up to an 80% equity in the diamond rights of the project through expending \$500,000 within five years. Heron will either contribute a pro rata at 20% of expenditure, or continue to be free carried to the commencement of mining with a 10% interest.

### 2.10.4 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 PALAEO DRAINAGE PROVINCE

The 6,353km<sup>2</sup> 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 600km<sup>2</sup> 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). The minimum economic oil shale target is felt to be:

- Minimum oil yield of 70-100 litres per tonne.
- Minimum resource 1 billion tonne.
- Waste to ore less than 2.0.
- Overburden depth not to exceed 25m.
- Scale of operation 50,000 barrels per day of oil/diesel.
- Mine life 20 years.

Potential production of syncrudes from lignite by pyrolysis, gasification or hydrogenation is also being assessed, and a joint venturer who is prepared to evaluate alternate technologies could be sought.

With the capital costs of such projects around A\$2.0-2.5 billion, Heron will continue to advance its Bremer-Eucla projects to a stage where a joint venture will be sought. Development decisions will be made once the Scoping Study has been finalised.

Following the GIS study, some tenement rationalisation was completed, particularly where the target carbonaceous units are thin or at excessive depth. Expressions of joint venture interest have been received, and the comprehensive data base is being made available at the Perth office of Heron's Consultant.

#### **2.11.1 Balladonia Oil Shale Project**

Heron 100%.

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

Compilation of exploration work by previous explorers is current, to identify and prioritise areas for future development by Heron. At this preliminary stage, several metallogenic models for various commodities have been developed.

#### **2.11.2 Dundas Oil Shale Project**

Heron 100%.

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

Heron's Mining Lease applications have been recommended for grant. Both gold and oil shale targets are present, being localised within a Tertiary graben structure. The provenance area is the Dundas gold mining centre, which is interpreted to be a favourable source of detrital gold. Additional tenements have been pegged within the project area.

#### **2.11.3 Ravensthorpe Oil Shale Project**

Heron 100%.

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

The principal target is the Flower Prospect oil sand and oil shale resources at Lort River. No resource estimates are as yet possible.

Consultation with land owners is current, to ensure acceptable exploration procedures.



I J BUCHHORN  
MANAGING DIRECTOR

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

## Glossary of Terms

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

“Au” means gold.

“BCM” means Bank Cubic Metre, which is a unit of volumetric measurement of the undisturbed material in a mine.

“Co” means cobalt

“Cu” means copper.

“g/t” means grams per tonne.

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

“km” means kilometres.

“km<sup>2</sup>” means square kilometres.

“Komatiite” means an ultramafic rock with high magnesium content extruded from a volcano. Textural variations include:

- “Orthocumulate” means a rock which exhibits a high proportion of crystallised trapped interstitial (“intercumulus”) liquid. The surrounded (“cumulus”) olivine crystals are subhedral to euhedral in form.
- “Mesocumulate” means a rock with cumulus crystals exhibiting extensive mutual boundary contact, but retaining some recognisable interstitial material. This rock type is prospective for lateritic nickel.
- “Adcumulate” means a rock with little or no intercumulus material and characterised dominantly by anhedral crystals. This rock type is regarded as prospective for limonitic and siliceous nickel laterite mineralisation.

“m” means metres.

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

“Ni” means nickel.

“Oil Shale” means a sedimentary rock containing hydrocarbon material termed kerogen.

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

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

“Project” means a grouping of prospects within a geographic location, often with a common geological setting.

“Province” means a grouping of projects within a geological district defined by a major crustal structure.

“ppb” means parts per billion.

“ppm” means parts per million (1g/t equals 1ppm, and 1000ppb equals 1ppm).

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

“RC drilling” means the drilling method employing a rotating or hammering action on a drill bit which returns a sample to the surface inside the rod string by compressed air. Sample quality is good.

“ROM” means run of mine ore, referring to the grade and type of ore that is expected to be fed to the processing plant on a day to day basis.

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

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

“Waste: Ore ratio” means BCM of waste + BCM of low grade sub-ore divided by BCM of ROM ore.

“Ultramafic” means rocks composed almost entirely of mafic minerals, which are prospective for nickel.

“VMS” means volcanogenic massive sulphide, which relates to base metal sulphide mineralisation.



MINING EXPLORATION ENTITY QUARTERLY REPORT

Name of entity

**HERON RESOURCES NL**

ACN or ARBN

068 263 098

Quarter ended ("current quarter")

31 March 2000

**Consolidated statement of cash flows**

	Current Qtr \$A'000	Year to Date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for: (a) exploration and evaluation	(480)	(1,475)
(b) development		
(c) production		
(d) administration	(52)	(491)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	5	91
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	2	2
<b>Net Operating Cash Flows</b>	<b>(525)</b>	<b>(1,873)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	(8)	(244)
(b) equity investments		
(c) other fixed assets	(1)	(1)
1.9 Proceeds from sale of: (a) prospects		15
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net Investing Cash Flows</b>	<b>(9)</b>	<b>(230)</b>
1.13 Total operating and investing cash flows (carried forward)	(534)	(2,103)

1.13 Total operating and investing cash flows (brought forward)	(534)	(2,103)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from the issue of shares, options, etc.		3,132
1.15 Proceeds from the sale of forfeited shares		
1.16 Proceeds from borrowings	65	65
1.17 Repayment of borrowings		
1.18 Dividends paid		
1.19 Other (provide details if material) - Share Issue Expenses		
<b>Net financing cash flows</b>	65	3,197
<b>Net increase (decrease) in cash held</b>		
1.20 Cash at beginning of quarter/year to date	2,849	1,286
1.21 Exchange rate adjustments		
<b>1.22 Cash at end of quarter</b>	2,380	2,380

**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	800
4.2 Development	
<b>Total</b>	800

**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.

5.1 Cash on hand and at bank

5.2 Deposits at call

5.3 Bank Overdraft

5.4 Other (provide details)  
Bank Bills

**Total: cash at end of quarter** (Item 1.22)

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	24	(70)
5.2 Deposits at call	66	434
5.3 Bank Overdraft		
5.4 Other (provide details) Bank Bills	2,290	2,485
<b>Total: cash at end of quarter</b> (Item 1.22)	2,380	2,849

**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 <b>Preference securities</b> (description)				
7.2 Issued during Quarter				
7.3 <b>Ordinary securities</b>	80,808,872	80,808,872		
7.4 Issued during Quarter				
7.5 <b>Convertible debt securities</b> (description)				
7.6 Issued during quarter				
7.7 <b>Options</b> (description)	10,000,000	Nil	Exercise Price 25	Expiry Date 30/06/2000
	100,000	Nil	25	28/08/2001
	150,000	Nil	25	01/09/2001
	500,000	Nil	25	15/12/2001
	50,000	Nil	25	05/03/2002
	200,000	Nil	25	19/12/2002
	200,000	Nil	35	19/12/2002
	200,000	Nil	45	19/12/2002
	200,000	Nil	55	19/12/2002
	200,000	Nil	65	19/12/2002
7.8 Issued during Quarter				
7.9 Exercised during Quarter				
7.10 Expired during Quarter				
7.11 <b>Debentures</b> (totals only)				
7.12 <b>Unsecured notes</b> (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 NL 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 the right to earn 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. Delta Gold NL has the right to earn a 75% equity interest in the Blister Dam Joint Venture Project tenements through sole funding the initial \$1,000,000 of exploration
7. 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.
8. 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.
9. Portman Mining Ltd has entered into an option to purchase the Bungalbin and Mount Jackson Project tenements for \$25,000 and at least \$250,000 of exploration expenditure. Heron will retain a FOB royalty on any Iron Ore sold from the tenements, and Heron will retain all other mineral rights.
10. WMC 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
11. Southstar Resources Limited, subject to the availability of funds, has the right to earn an 80% interest in the Bungalbin Joint Venture Project tenements in respect of diamonds only through sole funding the initial \$500,000 of exploration expenditure. Heron may contribute to 20% of further exploration costs or dilute to a 10% interest and Southstar will continue to sole fund exploration until a Decision to Mine is made.
12. Southstar Resources Limited, subject to the availability of funds, has the right to earn an 80% interest in the Illara Joint Venture Project tenements through sole funding the initial \$500,000 of exploration expenditure. Southstar will continue to sole fund exploration until a Decision to Mine is made.
13. Southstar Resources Limited, subject to the availability of funds, has the right to earn an 80% interest in the Mt Fouracre Joint Venture Project tenements through sole funding the initial \$500,000 of exploration expenditure. Heron may contribute to 20% of further exploration costs or dilute to a 15% interest and Southstar will continue to sole fund exploration until a Decision to Mine is made.
14. Delta Gold NL has, subject to the completion of final documentation, 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.
15. Newhampton Goldfields has, subject to the completion of final documentation, the right to earn an 80% interest in the Transline Joint Venture Project tenements through sole funding the initial \$800,000 of exploration expenditure. Newhampton will continue to sole fund exploration until a Decision to Mine is made
16. AngloGold Australasia Limited has, subject to the completion of final documentation, 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.



## 6.1 Interests in Mining Tenements relinquished, reduced or lapsed

<i>Tenement Reference</i>	<i>Nature of Interest</i>	<i>Interest Beginning Quarter</i>	<i>Interest End of Quarter</i>
E25/217	Registered Applicant	100	0
E27/183	Registered Holder	100	0
E27/211	Registered Applicant	100	0
E28/897	Registered Applicant	100	0
E31/278	Registered Holder	100	0
E31/364	Registered Applicant	100	0
E31/375	Registered Applicant	100	0
E31/400	Registered Applicant	100	0
E31/402	Registered Applicant	100	0
E31/464	Registered Applicant	100	0
P16/1682	Registered Holder	100	0
P16/1683	Registered Holder	100	0
P16/1684	Registered Holder	100	0
P16/1685	Registered Holder	100	0
P16/1686	Registered Holder	100	0
P16/1696	Registered Holder	100	0
P16/1697	Registered Holder	100	0
EL2159	Registered Holder	100	0
EL2160	Registered Holder	100	0

## 6.2 Interests in Mining Tenements acquired or increased

<i>Tenement Reference</i>	<i>Nature of Interest</i>	<i>Interest Beginning Quarter</i>	<i>Interest End of Quarter</i>
E15/679	Registered Applicant	0	100
E15/684	Registered Applicant	0	100
E25/234	Registered Applicant	0	100
E25/243	Registered Applicant	0	100
E28/1100	Registered Applicant	0	100
E29/356	Sale Agreement	0	100
E30/247	Registered Applicant	0	100
E31/261	Sale Agreement	0	100
E31/519	Registered Applicant	0	100
E31/524	Registered Applicant	0	100
M27/388	Registered Applicant	0	100
M29/278	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:

\_\_\_\_\_  
for     Company Secretary  
          Ross Arancini

Date: 30/04/00

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.

\*\*\*\*\*