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

Dear Sir / Madam

HERON RESOURCES LIMITED, QUARTERLY REPORT, PERIOD ENDING 30 SEPTEMBER 2001

QUARTER HIGHLIGHTS

- *At the **Pamela Jean Zone**, September 2001 Quarter drilling results at a 0.75% Ni cut-off continued to be spectacular, including:*
 - *GSRC1030 104m at 1.33% Ni and 0.09% Co from 40m*
 - *GSRC1032 81m at 1.24% Ni and 0.20% Co from 37m*
 - *GSRC1034 71m at 1.39% Ni and 0.15% Co from 36m*
 - *GSRC1039 59m at 1.33% Ni and 0.13% Co from 36m*
 - *GSRC1040 83m at 1.41% Ni and 0.15% Co from 29m*
 - *GSRC1100 46m at 1.30% Ni and 0.25% Co from 16m*
- *Detailed ore body interpretation was completed. High Grade Ore, being a 1.25% Ni mining cut-off grade for a 1.6% Ni head grade, commences at RL 368m (12m vertical depth) and continues to RL 324m (56m vertical depth), resulting in a high grade ore thickness typically exceeding 44m. The Ore consists of metallurgically uniform manganiferous Goethite, and shows excellent continuity. Ore block interpretations were completed by an independent consultant.*
- *The Receivers and Managers to Centaur Nickel Pty Ltd ("Centaur") and Centaur Mining & Exploration Limited ("CME") are continuing to seek to sell Cawse Nickel Operations. There are ongoing corporate discussions in respect of Heron's Goongarrie Nickel Project, due to the synergy between Goongarrie ore supply and Cawse processing. Heron's aim is to facilitate Nickel Laterite production from Goongarrie as soon as possible.*
- *Planning continues for "spinning off" Heron's non-nickel assets into the wholly owned subsidiary **Avoca Resources Limited** ("Avoca"). Projects to be owned 100% by Avoca include:*
 - *Jimberlana Dyke near Norseman, significant soil geochemical targets of up to 90ppb Pt and 440ppb Pd, associated with layered ultramafic-mafic complexes.*
 - *Mungari Gold, south along strike on the Zuleika Shear Zone from the recent Frogs Leg gold discovery, reconnaissance laterite pisolite anomaly of 100-250ppb Au-Pt-Pd.*

Rohan Williams, previously Chief Geologist of the WMC St Ives Gold Operation, has commenced duties as the founding Managing Director of Avoca Resources Limited. Rohan comes to Avoca with an excellent gold discovery record, as well as having had an integral role in the project generation studies which led to the WMC West Musgrave Ni-Cu-Platinum Group Element discovery.

1. SUMMARY

1.1 Ore Supply Studies

As at 30 September 2001, Heron's total undiluted Inferred, Indicated and Measured Mineral Resource at a **0.5% Ni cut-off was 406 million tonne at 0.8% Ni and 0.06% Co.**

For mining purposes, Heron targets a head grade exceeding 1.5% Ni, which requires a 1.25% Ni cut-off grade (High Grade). The **Pamela Jean Zone** has emerged as Heron's principal source of High Grade Ore.

1.2 Non-nickel Joint Ventures

Gold joint venture agreements are being finalised with Newcrest Operations at Kookynie, Placer Dome Asia Pacific at Blister Dam, and Delta Gold at Roe Hills, for an aggregate farm-in expenditure of A\$3.0 million. The Joint Ventures will be held by Avoca. Heron will retain nickel rights.

1.3 Corporate

Avoca Resources Limited Precious Metal Spin-off

Heron intends to assign its non-nickel assets to Avoca Resources Limited ("Avoca") in exchange for the issue to Heron of 20,191,745 fully paid shares in Avoca, or such other consideration.

Following the completion of this transaction, and subject to market conditions, Heron proposes to make a 1 for 5 *in specie* distribution to Heron shareholders of ordinary shares in the capital of Avoca. It is envisaged that Heron Shareholders will in addition have a priority right to subscribe for Avoca shares in the Initial Public Offer capital raising.

Termination of the Strategic Alliance Agreement with Centaur Mining & Exploration Limited

Heron was advised on 14 March 2001 that its Strategic Alliance partners, Centaur Nickel Pty Ltd ("Centaur") and Centaur Mining & Exploration Limited ("CME") had appointed Administrators, and that the Cawse Bondholders had appointed Receivers and Managers. Heron gave notice to terminate the Strategic Alliance Agreement ("SAA") as a result of the occurrence of the Insolvency Event.

There has been no further advice from the Receivers and Managers concerning Heron's termination, and Heron views that the SAA has been validly terminated.

There was no presentation to Heron of a Bankable Feasibility Study for Cawse Stage II as required by the SAA on or before 19 August 2001, or at any subsequent date.

Placement Strategy and Cawse Rationalisation

Further to the announcements released to ASX on 3 and 15 September 2001 in relation to the proposed placement to Resource Capital Fund II L.P. ("RCF"), the Company wishes to advise that the legal and technical due diligence requirements of RCF were met.

The Company and RCF have however resolved that it is not at this stage an appropriate time to proceed with the placement. It is felt that the outcome of the impending sale of the Cawse Nickel Operations should be awaited, at which time the Company will review its funding requirements.

Subject to appropriate terms, the sale of Cawse provides Heron with an opportunity to potentially merge the Goongarrie and Cawse Nickel Laterite assets.

2.0 OPERATIONS REVIEW

2.1 KALGOORLIE NICKEL PROVINCE

Resource Drilling Program and Project Development

Resource Definition drilling on a 40x20m pattern is now complete at the **Pamela Jean Zone** and **Pamela Jean Deeps**. Heron has commissioned an independent resource calculation to permit final pit designs and ore scheduling. Various independent parties have also completed due diligence on Goongarrie during the Quarter, with Heron's data base and interpretations being validated.

The Pamela Jean mineralisation that has been included in the resource study has a 2.0km strike and is predominantly manganiferous Goethite Ore assaying less than 1% MgO. Diamond drill core appraisal shows that the ore is amenable to grade control by 2m profile trenching, and mine excavation without drill and blast. Further ore grade mineralisation is present immediately outside the proposed Stage 1 pit, and will be accessed by later stage cut backs.

Heron is well positioned to supply high grade ore to the existing Nickel Laterite operations.

2.1.1 Goongarrie Nickel Project

Heron 100%.
Nickel (- gold).

Reverse Circulation Drilling

During the Quarter, 107 drill holes (GSRC1026 to GSRC1132) were completed for a total advance of 7,115m. Drilling continued to target zones of High Grade Ore at the Pamela Jean Zone within the likely Stage 1 pit perimeter. A uniform and highly predictable zone of High Grade Ore was delineated in the September 2001 Quarter drilling (refer Table 1).

RC drilling within the central Pamela Jean Zone has extended the zone of exceptionally deep weathering. Drill holes confirm complete weathering of the ultramafic host rock into iron oxide (goethite) to depths of up to 160m in the Pamela Jean Deeps, over a strike length of 800m. This zone remains open to the north and south.

Ground Geophysics

Heron completed an orientation geophysical program at the Pamela Jean Zone. The study was undertaken in conjunction with Curtin University.

The orientation involved the trial of various integrated geophysical techniques, notably aimed at identifying deep mineralised structures such as those inferred to control the Pamela Jean Deeps laterite mineralisation. The ground surveys included gravity, magnetics, resistivity and Induced Polarisation, and SIROTEM. In addition, 13 down hole surveys of conductivity and gamma radiation were completed.

The program also sought to evaluate bedrock conductors, to screen for potential Nickel Sulphide mineralisation. Support for Nickel Sulphide targets includes 4m at 1.8% Ni in olivine mesocumulate bedrock within recent drill hole GSRC1086 at the south end of the Pamela Jean Zone. Normally within the bedrock part of the regolith profile, assays are less than 0.35% Ni.

Due to the conductive nature of the Goongarrie lateritic profile, ground ElectroMagnetic (“EM”) methods are likely to be inconclusive for Nickel Sulphide exploration. The recommended method for Nickel Sulphide exploration includes deep stratigraphic drill testing below the laterite (in excess of 200m), with down hole EM surveying to locate off-hole conductors.

Preliminary findings of the geophysical program are:

- A gravity low correlates with the mapped Pamela Jean Deeps, with modeling suggesting a broader distribution of deep ore than identified in current drilling. Several additional drilling targets have been defined, which have the potential to significantly increase the Pamela Jean Zone resource.
- The Pamela Jean Deeps is characterised by a more intense down hole conductivity when compared to areas of shallower ore. The conductivity logging provided greater lithotype resolution in the “Deeps” area, thus facilitating improved drill hole correlation.
- Surface SIROTEM confirms that drill-indicated palaeochannels have distinct conductivity anomalies. Such channels are favourable targets for high cobalt grade SiCo ore, suggesting SIROTEM may be an effective targeting method.

Mine Planning

Fliitch plans (horizontal slices through the ore body at 2m vertical intervals) have been generated as part of designing the Goongarrie Stage I pit.

High Grade Ore, being a 1.25% Ni mining cut-off grade for a 1.6% Ni head grade, commences at RL 368m (12m vertical depth) and is continuous to RL 324m (56m vertical depth), producing a high grade ore thickness exceeding 44m. The ore shows excellent continuity both within fliitches and with depth, and is totally amenable to bulk mining.

At the top of the ore body at RL 368m, individual High Grade blocks have a N-S strike length of 280m, with width of 40m.

With depth, the high grade ore increases in areal extent, peaking at RL 340m (40m vertical depth), being termed the Supergene Enrichment Zone. These ore blocks at a 1.25% Ni mining cut-off have a N-S strike length of 800m (open to the south), with width of 200m.

Fliitch plans are distinctly open to the north, suggesting the Pamela Jean Deeps continues north. Several high priority deep drilling targets are apparent.

The pit wall batters for the proposed pit closely follow the natural outline of the High Grade Ore. The base of ore is a siliceous carapace, facilitating good wall stability.

A zone of deeper high-grade mineralisation termed the Lower Ore Zone commences at RL 316m (64m vertical depth), and is recorded as deep as RL 220m (160m vertical depth). The Lower Ore Zone has a strike length of 400m and a width of 100m at RL 316m. This particular laterite zone is considered a priority Nickel Sulphide exploration target.

Following detailed multi-element studies of the drill data base by Heron, ore block interpretations now reflect expected metallurgical performance, notably in respect of screened leach feed grade and acid consumption.

Infrastructure

Additional areas of future infrastructure sites were acquired to the immediate west of Goongarrie. Heron now has contiguous tenement coverage from Goongarrie west to Siberia, and southwest towards the Cawse plant site.

| Table 1 GOONGARRIE SOUTH PROSPECT, PAMELA JEAN ZONE RC Drilling Significant Interceptions, 0.75% Ni Cut-Off | | | | | | | | | |
|---|---------------|---------------|-----------|------------|------------|-------------|--------------|-------------|---------------|
| Hole Number | North m | East m | From m | To m | Interval m | Ni % | Co % | Ni4Co % | Ni4Co M% |
| GSRC1030 | 69,720 | 23,120 | 40 | 144 | 104 | 1.33 | 0.087 | 1.68 | 174.51 |
| <i>including at 1.25% Ni</i> | | | 73 | 128 | 55 | 1.59 | 0.129 | 2.10 | 87.30 |
| GSRC1032 | 69,680 | 23,160 | 37 | 118 | 81 | 1.24 | 0.197 | 2.03 | 164.55 |
| <i>including at 1.25% Ni</i> | | | 65 | 87 | 22 | 1.62 | 0.306 | 2.84 | 35.58 |
| GSRC1034 | 69,640 | 23,160 | 36 | 107 | 71 | 1.39 | 0.15 | 1.98 | 140.91 |
| GSRC1036 | 69,600 | 23,160 | 33 | 82 | 49 | 1.47 | 0.141 | 2.03 | 99.62 |
| GSRC1037 | 69,560 | 23,200 | 34 | 82 | 48 | 1.37 | 0.124 | 1.86 | 89.46 |
| GSRC1038 | 69,560 | 23,160 | 34 | 75 | 41 | 1.41 | 0.129 | 1.93 | 79.21 |
| GSRC1039 | 69,520 | 23,200 | 26 | 85 | 59 | 1.33 | 0.126 | 1.83 | 108.05 |
| <i>including at 1.25% Ni</i> | | | 39 | 56 | 17 | 1.67 | 0.173 | 2.36 | 28.36 |
| GSRC1040 | 69,520 | 23,160 | 29 | 112 | 83 | 1.41 | 0.154 | 2.03 | 168.45 |
| GSRC1041 | 69,520 | 23,120 | 24 | 61 | 37 | 1.18 | 0.106 | 1.61 | 59.53 |
| <i>including at 1.25% Ni</i> | | | 31 | 47 | 16 | 1.58 | 0.183 | 2.32 | 25.32 |
| GSRC1044 | 69,480 | 23,200 | 21 | 52 | 31 | 1.36 | 0.224 | 2.25 | 69.83 |
| GSRC1045 | 69,480 | 23,160 | 72 | 106 | 34 | 1.16 | 0.144 | 1.73 | 58.95 |
| <i>including at 1.25% Ni</i> | | | 76 | 88 | 12 | 1.61 | 0.303 | 2.83 | 19.37 |
| GSRC1049 | 69,440 | 23,200 | 20 | 52 | 32 | 1.62 | 0.208 | 2.45 | 78.33 |
| GSRC1051 | 69,400 | 23,160 | 23 | 56 | 33 | 1.48 | 0.072 | 1.77 | 58.29 |
| GSRC1052 | 69,380 | 23,160 | 20 | 76 | 56 | 1.33 | 0.042 | 1.5 | 84.17 |
| <i>including at 1.25% Ni</i> | | | 26 | 51 | 25 | 1.55 | 0.035 | 1.70 | 38.87 |
| GSRC1053 | 69,380 | 23,140 | 26 | 57 | 31 | 1.48 | 0.103 | 1.89 | 58.64 |
| <i>including at 1.25% Ni</i> | | | 31 | 51 | 20 | 1.67 | 0.101 | 2.08 | 33.48 |
| GSRC1065 | 68,680 | 23,220 | 21 | 42 | 21 | 1.55 | 0.124 | 2.05 | 43.01 |
| GSRC1079 | 68,560 | 23,220 | 13 | 29 | 16 | 1.51 | 0.042 | 1.68 | 26.92 |
| GSRC1092 | 68,880 | 23,160 | 21 | 48 | 27 | 1.37 | 0.146 | 1.95 | 52.76 |
| <i>including at 1.25% Ni</i> | | | 28 | 47 | 19 | 1.54 | 0.185 | 2.28 | 29.24 |
| GSRC1095 | 68,920 | 23,200 | 32 | 57 | 25 | 1.28 | 0.296 | 2.46 | 61.51 |
| GSRC1096 | 68,920 | 23,160 | 27 | 48 | 21 | 1.53 | 0.151 | 2.14 | 44.88 |
| <i>including at 1.25% Ni</i> | | | 34 | 47 | 13 | 1.78 | 0.206 | 2.61 | 23.19 |
| GSRC1099 | 68,960 | 23,200 | 24 | 50 | 26 | 1.37 | 0.2 | 2.17 | 56.41 |
| GSRC1100 | 68,960 | 23,160 | 16 | 62 | 46 | 1.3 | 0.254 | 2.31 | 106.48 |
| <i>including at 1.25% Ni</i> | | | 36 | 62 | 26 | 1.58 | 0.408 | 3.21 | 41.03 |
| GSRC1101 | 68,960 | 23,120 | 24 | 52 | 28 | 1.18 | 0.158 | 1.82 | 50.87 |
| GSRC1104 | 69,000 | 23,240 | 24 | 58 | 34 | 1.27 | 0.108 | 1.7 | 57.93 |
| <i>including at 1.25% Ni</i> | | | 27 | 46 | 19 | 1.47 | 0.130 | 1.99 | 27.92 |
| GSRC1106 | 69,000 | 23,160 | 17 | 58 | 41 | 1.17 | 0.194 | 1.95 | 79.91 |
| GSRC1110 | 69,040 | 23,240 | 23 | 52 | 29 | 1.46 | 0.212 | 2.31 | 66.91 |
| <i>including at 1.25% Ni</i> | | | 24 | 45 | 21 | 1.66 | 0.264 | 2.71 | 34.79 |
| GSRC1113 | 69,080 | 23,240 | 21 | 46 | 25 | 1.39 | 0.075 | 1.69 | 42.16 |
| <i>including at 1.25% Ni</i> | | | 27 | 44 | 17 | 1.57 | 0.101 | 1.97 | 26.65 |
| GSRC1117 | 69,160 | 23,280 | 6 | 44 | 38 | 1.30 | 0.112 | 1.75 | 66.4 |
| <i>including at 1.25% Ni</i> | | | 20 | 44 | 24 | 1.49 | 0.169 | 2.17 | 35.83 |
| GSRC1121 | 69,240 | 23,240 | 18 | 44 | 26 | 1.36 | 0.062 | 1.61 | 41.84 |
| <i>including at 1.25% Ni</i> | | | 24 | 42 | 18 | 1.51 | 0.076 | 1.82 | 27.27 |
| GSRC1122 | 69,280 | 23,280 | 8 | 38 | 30 | 1.25 | 0.079 | 1.56 | 46.89 |
| GSRC1123 | 69,280 | 23,240 | 18 | 49 | 31 | 1.33 | 0.102 | 1.74 | 53.83 |
| GSRC1126 | 69,200 | 23,240 | 19 | 63 | 44 | 1.39 | 0.198 | 2.18 | 95.99 |
| <i>including at 1.25% Ni</i> | | | 27 | 49 | 22 | 1.68 | 0.314 | 2.93 | 36.89 |
| GSRC1129 | 69,160 | 23,200 | 22 | 69 | 47 | 1.24 | 0.054 | 1.46 | 68.42 |
| <i>including at 1.25% Ni</i> | | | 29 | 58 | 29 | 1.41 | 0.059 | 1.65 | 40.95 |
| GSRC1130 | 69,120 | 23,240 | 24 | 52 | 28 | 1.34 | 0.127 | 1.85 | 51.79 |
| <i>including at 1.25% Ni</i> | | | 34 | 50 | 16 | 1.52 | 0.207 | 2.35 | 24.30 |
| GSRC1131 | 69,120 | 23,200 | 22 | 72 | 50 | 1.05 | 0.027 | 1.16 | 57.92 |

2.1.2 Frances Lesley Project

Heron 100% of nickel rights, MPI 100% of gold rights.

The key tenement E16/192 has been granted. This tenement covers Nickel Laterite targets within the Walter Williams Formation ultramafics along the western margin of the Goongarrie Dome. The regional structural setting is highly prospective, being the intersection of the N-S Ida Fault (deep crustal listric fault) with the NW trending Kunanalling and Zuleika Shear Zones.

An orientation soil sampling program has been completed, with elevated gold and nickel values present. Regolith studies indicate that most of the project area has a residual soil cover so that surface soil sampling methods should be effective.

2.1.3 Kalpini Nickel Project

Heron 100%.
Nickel (- gold).

Four key Mining Leases M28/127, M28/199, M28/201 and M28/205 have been granted at Acra North. These tenements provide mining access to both Goethite and Saprolite high grade nickel ore. The Saprolite Ore is being evaluated for its suitability for ambient pressure leach technology and other non-PAL processes such as DC arc furnace.

The Goethite Ore is likely to be a suitable ore feed for the nearby Bulong Nickel Operation.

Nickel Sulphide evaluations continue, with additional tenements secured at Jubilee on the target Nickel Sulphide horizon.

2.1.4 Widgiemooltha Nickel Project

Heron 100%.
Nickel - gold.

Soil sampling has defined a significant Nickel Sulphide target at the **Pioneer Prospect**. Highly anomalous nickel and copper values, supported by elevated precious metal results, form a coherent anomaly within the northern tenement. Anomalous ranges are:

| Table 2 WIDGIEMOOLTHA PROJECT, PIONEER PROSPECT Soil Geochemistry | | | |
|---|------|-----------------|-----------|
| Element | Peak | Anomalous Range | Threshold |
| Ni (ppm) | 747 | 100-400 | 80 |
| Cu (ppm) | 76 | 40-70 | 30 |
| Au (ppb) | 10 | 6-9 | 5 |
| Pt (ppb) | 19 | 8-15 | 3 |
| Pd (ppb) | 42 | 20-40 | 10 |

The anomaly has a 300m strike associated with an ultramafic unit that parallels the Mariners-Redross mine trend, located 1km to the east. Aeromagnetic interpretation indicates the presence of a komatiite lava channel coincident with the soil geochemical anomaly.

2.2 SOUTHERN CROSS NICKEL PROVINCE

2.2.1 Bungalbin Nickel Project

Heron 100%.
Nickel - gold.

The Bungalbin stratigraphic sequence includes basalt and banded iron formation (BIF) which host gold targets, and olivine adcumulate komatiites which host high priority Siliceous Nickel Laterite targets. Exploration will commence once tenements are granted. There is no previous Nickel Laterite exploration, despite the favourable geological settings.

Mafic units within the project are prospective for gold. Historic gold production from the nearby Mount Dimer open-pits amounted to 126,000 ounces, and a further 160,000 ounces of gold is indicated within the Marda complex to the immediate west of the project area. The prime gold target is a major NW trending mineralised structural corridor at Mount Dimer, which is 1km wide with a strike length of 5.5km within Heron's project area.

2.2.1 Bungalbin Iron Ore Project

Heron 100%. Portman Ltd right to acquire Iron Ore rights.
Heron retains all other mineral rights, notably nickel-gold.

Heron's open file study indicates an **Inferred Mineral Resource** of iron ore estimated at **65.7 million tonne at 57.9% Fe**, with a calcined grade of 64.1% Fe. Within this global resource, it is likely that smaller structurally controlled high grade iron-low phosphorus ore positions will be identified.

Portman has commenced exploration within the Royalty tenements, drilling 1,400m at the Mount Jackson J4 deposit. A comprehensive costeaning program is planned for the eluvial deposits (kankar) recently identified at Bungalbin. Portman is currently undertaking feasibility studies to supplement an expanded Koolyanobbing Iron Ore operation.

2.2.2 Mt Elvire Project

Heron 100%
Nickel (-gold)

The project area covers a sequence of komatiite, BIF, ultramafic schist and amphibolite intruded by dolerite. Previous explorers have generated gold-in-soil drill targets that have not been tested. The project area is unexplored for Nickel Laterite mineralisation.

2.2.3 Maggie Hayes Hill Project

Heron 100%
Nickel (-gold)

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

2.3 KEITH KILKENNY-LAVERTON NICKEL PROVINCE

Heron's Keith Kilkenny Province Nickel Laterite projects are associated with discrete rift-related ultramafic olivine mesocumulate channels, as opposed to the more sheet-like olivine adcumulates of the Walter Williams Formation. As such, the Keith Kilkenny ultramafic occurrences tend to be prospective for Silver Swan style Nickel Sulphide mineralisation. Heron's exploration to date has however been restricted to Nickel Laterite.

2.3.1 Edjudina Nickel Project

Heron 100%.
Nickel (- gold).

Ultramafic lava flows have been identified as prospective for Nickel Sulphide mineralisation at Lake Rebecca, Yerilla, Boyce Creek, McAuliffe West and Aubils.

In the course of field work at the **Yerilla Prospect**, Heron identified Nickel Sulphide settings, with gossan assays of up to 0.23% Ni, 0.17% Co, 0.04% Cu, 8ppb Pt and 18ppb Pd. A soil geochemical follow up program is proposed, to define drill targets.

2.3.2 Mulgabbie Nickel Project

Heron 100%.
Nickel (- gold).

Investigations have commenced into the viability of alternative, lower capital cost Nickel Laterite treatment routes, including ambient pressure leaching and DC arc furnace. The Lake Rebecca ore chemistry is comparable to the Nickel Saprolite Ores being smelted in the Pacific Rim region.

2.3.3 Laverton Nickel Project

Heron 100%. MPI Gold Pty Ltd has the gold rights for Merolia and Mineral Patch Hill.
Nickel.

Detailed aeromagnetic coverage was acquired, and interpretation completed to define zones with olivine adcumulate ultramafic units. A 1,280x80m RC stratigraphic drilling program was completed at Merolia during June-July 2001. The ultramafic target generally assayed less than 0.5% Ni, downgrading the Nickel Laterite potential. The presence of tremolite-talc-chlorite schist at Merolia suggests greater potential for Nickel Sulphide.

With Heron's current exploration focus in terms of drilling being Goongarrie, the next phase of exploration at Laverton is likely to be reconnaissance ground EM.

2.4 JIMBERLANA PLATINUM PROVINCE

PROPOSED AVOCA RESOURCES ASSET

The Jimberlana Dyke is a layered mafic to ultramafic intrusion emplaced into the granite-greenstone terrain of the Yilgarn Craton. The Dyke is Lower Proterozoic in age and exhibits many similarities to the Great Dyke of Zimbabwe, which hosts Platinum Group Element (PGE) resources of over 300 million ounces. At Jimberlana, Avoca has been able to consolidate a diverse tenement holding previously controlled by gold prospectors, with only cursory PGE exploration historically completed.

2.4.1 Cowan PGE Project

Heron 100%, assignment of all mineral rights to Avoca.
Platinum Group Elements - nickel - copper (- gold).

Contact has been made with previous explorers including ex-employees of Barrier Exploration who drilled two diamond holes in the 1970s into the Cowan Complex within the Jimberlana Dyke. This drilling identified 1.52m at 0.39g/t Pt and 2.7g/t Pd (1970s PGE assays likely to be under-estimated), which confirms the Cowan Complex to be endowed with PGE anomalism.

Ground reconnaissance was subsequently completed, confirming high priority drill targets are present at the Complex margins, associated with soil anomalies exceeding 9,000ppm Ni and 2,000ppm Cu. Although intensely lateritised, the anomalous Ni-Cu zone appears to be related to a pyroxenite-norite contact.

Native title discussions are current, to facilitate tenement grant. Once granted, detailed PGE soil BLEG sampling is planned.

2.4.2 Dundas Hills PGE Project

Avoca 100%.
Platinum Group Element - nickel - copper (- gold).

Comprehensive open file studies have commenced and a drill hole database is in preparation, to assist in Avoca's drill planning.

Detailed geological mapping shows a complete differentiated rock suite ranging from serpentinised dunite at the base, through pyroxenite and gabbro, to anorthosite at the top. Numerous zones of copper staining are present at a pyroxenite-dunite contact, with rock chip samples returning up to 9,250ppm Cu.

Detailed soil geochemistry highlighted coincident copper, platinum and palladium anomalies over a strike length of 4km which are open to the east. The threshold contours define an arcuate anomaly coincident with a pyroxenite-dunite contact. Soil anomalies were:

| Element | Background | Threshold | Peak |
|----------------|-------------------|------------------|-------------|
| Cu (ppm) | 15-20 | 50 | 295 |
| Pt (ppb) | <10 | 20 | 90 |
| Pd (ppb) | <5 | 30 | 440 |

A bulk sample of saprock was collected from the peak of the anomalous area and concentrated using a jig. Assays of the concentrate yielded 540ppb Pt, 61ppb Pd and 2.1% Cr. An igneous stratigraphy endowed with PGEs is confirmed.

2.5 ILLAARA PROVINCE

PROPOSED AVOCA RESOURCES ASSET

2.5.1 Perrinvale Joint Venture Project

Heron 100%, subject to agreement, assignment of Precious and Base Metal rights to Avoca.
Mount Burgess Mining NL right to earn 70% through spending \$0.5m.
Heron retains Nickel and Sulphur rights.
Copper - zinc - gold.

An aeromagnetic interpretation has been completed by Southern Geoscience Consultants, resulting in a detailed geological interpretation. The study has delineated targets related to ductility contrast, and areas of de-magnetisation possibly due to alteration. A number of aeromagnetic targets have been identified, some of which are coincident with existing gold and copper soil anomalies.

A program of auger drilling, in conjunction with rock chip sampling and mapping will be conducted to test the higher priority aeromagnetic targets, as well as infilling and closing off previous auger/soil anomalies.

2.6 ZULEIKA SHEAR ZONE PROVINCE

PROPOSED AVOCA RESOURCES ASSET

2.6.1 Blister Dam Joint Venture Project

Heron 100%, assignment of all mineral rights to Avoca.
Placer Dome Asia Pacific right to earn 70% through spending \$1.2m.
Heron retains nickel rights.
Gold - nickel.

Field reconnaissance activities have continued during the Quarter with emphasis placed on the interpreted locations of both the Kunanalling and Zuleika Shear Zones. Exposure within the project area is fairly limited, however quartz vein float indicative of major regional shear zones is abundant and numerous rock chip samples of this material have been collected. Assay results are pending.

2.6.2 Powder Sill Project

Heron 100%, assignment of all mineral rights to Avoca.
Platinum Group Element - gold.

Avoca's Powder Sill exploration target is a "Lac des Iles" brecciated gabbro PGE system. Previous PGE exploration has concentrated on the basal layers of the sill and no work has been done within the centre of the system where breccia pipes are favoured at the intersection of prominent mapped structures.

Gold exploration by Heron and its former joint venture partner previously defined hydrothermal breccias at Powder Sill. At the time, no PGE assessment was undertaken. The breccias are now the focus of Avoca's PGE exploration.

In terms of gold targets, four low-order, 100ppb Au gold-in-saprock targets are present, previously tested with shallow RAB drilling. These targets will be re-evaluated in the light of recent exploration success by Goldfields Ltd at Raleigh, which comprises only a very small target that is not accompanied by a large dispersion halo.

2.6.3 Mungari Gold Project

Heron 100%, assignment of all mineral rights to Avoca.
Gold.

An aeromagnetic interpretation confirms that the felsic volcanoclastic-dolerite Kundana mine stratigraphy, hosting both the ABC and Frog's Leg gold deposits, extends through Avoca's eastern project area. There is a 4km strike of the prospective stratigraphy in association with the Zuleika Shear Zone occurring beneath a veneer of transported cover. Quartz vein float is abundant. There has been minimal previous exploration within the target zone.

Brecciated gossans with associated quartz-sulphide veinlets were sampled by Avoca within volcanoclasticss. Precious metal assays are highly anomalous at 150-300ppb Au+Pt+Pd.

Reconnaissance pisolite sampling returned high priority targets of 100-250ppb Au+Pt+Pd, associated with a ferruginous zone in the centre of the project area, directly over the Zuleika Shear Zone. Arsenic is highly anomalous at 1,000-2,400ppm, confirming gold prospectivity.

The western project area has a 4.5km strike of the gold anomalous Kunanalling Shear Zone, including the historic Dryden's Find gold mining centre.

Additional ground has been acquired by Avoca on the Zuleika Shear at Lake Brown, 8km S along strike of Mungari.

2.6.4 Binduli East Joint Venture Project

Heron 100%, assignment of all mineral rights to Avoca.
AngloGold Australasia Limited has the right to earn 75% through spending \$0.5m.
Gold (-nickel).

A total of 1,053m of RAB drilling was completed within 27 holes, to test coincident structural and geochemical targets announced previously. Anomalous intercepts included 4m at 110ppb Au returned from ASRB037.

A further 198 auger samples were collected over recently granted tenements. Pedogenic carbonate was sampled from 1.5m on a 200x50m grid. Two new gold anomalies were defined, both in the 20 to 30ppb Au range.

2.7 AVOCA SHEAR PROVINCE

PROPOSED AVOCA RESOURCES ASSET

2.7.1 Gindalbie Terrain Joint Venture Project

Heron 100%, assignment of Precious Metal rights to Avoca.
Delta Gold NL right to earn 70% in respect of gold through spending \$1.0m.
Heron retains nickel rights.
Gold - nickel.

Joint venture partner Delta Gold has completed regolith mapping to complement previously announced auger drilling anomalies. As a consequence further auger sampling on an 800x100m regional grid was completed. A total of 1,129 samples have now been collected from the project area. A significant anomaly has been defined which measures 1,500x200m at a 30ppb Au threshold level. In-fill sampling is in progress and a follow-up RAB program has been recommended.

2.7.2 Gidgi Project

Heron 100%, assignment of all mineral rights to Avoca.
Gold - nickel.

A nickel gossan zone has been confirmed at the **Kurramia South Prospect**. A further ten samples of the outcropping gossan were assayed, with a peak result of 1.95% Ni, 0.90% Co, 294ppm Cu, 20ppb Pd and 18ppb Pt. Interestingly, the host lithology for the gossan is a siliceous breccia, rather than ultramafic rock as normally expected.

2.7.3 Roe Hills Joint Venture Project

Heron 100%, assignment of Precious Metal rights to Avoca.
Delta Gold NL right to earn 80% in respect of gold through spending \$1.0m.
Heron retains nickel rights.
Gold - nickel.

Open file research has identified a significant Volcanogenic Massive Sulphide ("VMS") prospect first located by CRA Exploration during a base metal search conducted in the late 1970s. The **Anti Dam Prospect** has been re-located by Avoca and found to consist of a well-exposed cherty gossan trending NNE for approximately 1,000m. Representative rock chip samples were anomalous at 100-300ppm Cu, 50-250ppm Zn and 15-150ppm Pb. CRA defined a bedrock conductor with coincident surface anomalism over a strike length of 1,300m but drilled only a single hole. This VMS occurrence can be considered under-explored.

There is suite of ultramafic units in the Roe Hills project area with documented Nickel Laterite occurrences. These ultramafics are part of the Kalpini belt, and Heron retains all nickel rights.

2.7.4 Transline Joint Venture Project

Heron 100%, assignment of all mineral rights to Avoca.
Harmony Gold Limited right to earn 80% through spending \$0.8m.
Gold - nickel.

On behalf of Harmony Gold, Heron has advanced Native Title negotiations to progress the granting of all licences currently under application.

2.7.5 Avoca Project

Heron 100%, assignment of Precious Metal rights to Avoca.
Heron retains nickel rights.
Gold - nickel.

A comprehensive open file search has commenced aimed at compiling historic gold exploration data from the Avoca Shear Zone system.

The Avoca Shear divides the project area into two separate stratigraphic sequences. The western lithologies consist of sediments that have a significant component of komatiitic ultramafic units. The eastern area consists of felsic volcanoclastics and banded iron formation. In the southern project area, the Avoca Shear is defined beneath recent sediments of Lake Randall using aeromagnetic data.

2.8 KEITH KILKENNY PROVINCE

PROPOSED AVOCA RESOURCES ASSET

2.8.1 Wildara North Project

Heron 100%, assignment of all mineral rights to Avoca.
Gold.

The project area is largely a soil covered basalt and felsic volcanic terrain within the Yandal Belt occurring between the Bronzewing gold mining centre to the north and the recent Thunderbox gold discovery to the south. The Thunderbox gold deposit discovered in 1999 is located 40km S along strike of the Avoca project area, and contains a resource of 30mt at 2.2g/t gold for a total endowment of 2.1 million ounces.

Avoca has completed a GIS target generation study, with field mapping confirming favourable structural sites for assessment using surface geochemical techniques. At the **Mount McClure South Prospect** a small internal circular granite plug has been intruded into the Yandal Belt western structural corridor. The intersection of strike-parallel gold-bearing structures with the plug is interpreted to create significant dilatancy site with gold deposition potential.

2.8.2 Victory Joint Venture Project

Heron 100%, assignment of Precious Metal rights to Avoca.
WMC Resources Ltd right to earn 80% through spending \$0.125m.
Gold - nickel.

The 24km² project area covering 6 tenements is located 50-120km NW of Leonora, adjoining the Victory and Bannockburn gold mining centres, and the Marshall Pool nickel prospects.

WMC completed a GIS review, followed by field validation studies.

2.8.3 Kookynie Joint Venture Project

Avoca 100%. Heron retains nickel rights.
Newcrest Operations right to earn 75% in respect of gold through spending \$0.8m,
subject to completion of formal documentation.
Gold-nickel.

The project area is located at the western boundary of the Keith Kilkenny Tectonic Zone, a major Archaean rift.

At the **Tampa Prospect**, a 400x400m regional surface-lag geochemical survey was completed by Avoca, defining a multi-element anomaly in the north-east project area. A circular anomaly measuring 1,000 metres in diameter was defined at the interpreted contact between mafic and felsic volcanic rocks.

Several prospective Nickel Laterite targets are present, for which Heron retains all rights.

2.8.4 Edjudina-Laverton Joint Venture Project

Heron 100%, assignment of Precious Metal rights to Avoca.
Croesus Mining NL right to earn 80% in respect of gold through spending \$1.0m.
Heron retains nickel rights.
Gold.

Historical exploration data has been acquired from previous explorers and Croesus is incorporating this into their database. The data package includes considerable surface geochemistry and RAB drilling information that will complement more recent interpretations and help target future drilling programs.

Gold anomalies of up to 260ppb have been defined within soils from the Mount Varden area. RAB drilling has returned intercepts including 6m at 0.94g/t Au and 4m at 1.2g/t Au from near surface supergene zones.

2.8.5 Southern Laverton Tectonic Zone Joint Venture Project

Heron 100%, assignment of all mineral rights to Avoca.
Gutnick Resources NL right to earn 80% through spending \$1.2m.
Gold.

A re-appraisal of targets by joint venture partner Gutnick Resources has resulted in the Avoca project area receiving a high priority with respect to future work. Drilling is initially planned at the **Yundamindera Flash Prospect**.

Drill targets also exist at the historic **Gardners Find** workings where a significant N-S surface gold anomaly has been defined striking for approximately 5km. Previous Heron sampling of mullock around the old workings yielded gold values to 6.4g/t.

2.8.6 Karonie South Joint Venture Project

Heron 100%, assignment of all mineral rights to Avoca.
WMC Resources Ltd right to earn 80% through spending \$0.30m.
Gold (- nickel).

Results of a 200x50m infill soil sampling program completed over two high priority targets (HSK2 and HSK3) confirmed the surface anomalism reported previously from regional soil sampling. Sporadic anomalism of 10 to 30ppb Au has been defined over an area measuring 1,900x1,400m at HSK2.

WMC completed a comprehensive interpretation of all regional data sets including ultra-detailed aeromagnetics and close spaced gravity data. Thirteen new conceptual targets have been generated within the project area designated HSK5 to HSK17. Of the nineteen targets generated so far (Connolly, King South and HSK1 to HSK17) only two have been adequately tested for WMC sized targets. Infill soil sampling is proposed over targets exhibiting residual regolith profiles, while RAB drilling has been recommended over the targets located beneath alluvial cover.

2.9 LAVERTON-CELIA TECTONIC ZONE PROVINCE PROPOSED AVOCA ASSET

2.9.1 Erlistoun Project

Heron 100%, assignment of all mineral rights to Avoca.
Gold.

Avoca has acquired the historical Euro gold mining centre. Extensive alluvial gold workings are present, with potential bedrock gold sources having had minimal modern exploration. These tenements are strategically located on the Laverton Tectonic Zone between the recent Wallaby discovery (67.1mt at 3.3g/t Au for 7.1 million ounces) and the Laverton mining camp.

2.9.2 Mount Zephyr Project

Avoca 100%, Heron retains nickel rights.
Gold - nickel.

The 154km² contiguous project area covering 4 tenements is located 35km NW of Laverton on the Celia Tectonic Zone.

Gold prospectivity is considered high within the Celia Tectonic Zone, which hosts the Mount Morgans and Linden gold mining centres to the SE. At Mount Zephyr within the central project area, an historical gold mining centre is hosted by BIF. These workings will be an initial drilling target for Avoca when the tenements are granted.

Previous soil geochemical sampling has generated four well defined anomalies, which will be followed up on grant of the tenements. Soil values of up to 2.5g/t Au suggest the presence of nugget gold.

2.10 BREMER-EUCLA PALAEODRAINAGE PROVINCE

2.10.1 Balladonia and Ravensthorpe-Norseman Oil Shale Projects

Heron 100%.
Oil shale - lignite - sulphur - limestone - heavy mineral sands - kaolin - vanadium.

The 3,648km² Balladonia project area covering 21 tenement applications is located 20-180km E of Norseman. The 1,597km² Ravensthorpe-Norseman project area covering 19 tenement applications is located from Norseman and SW to Ravensthorpe.

Current resource is 2.6 billion tonne at a Fischer Oil Yield of 133 litre per tonne.



IAN BUCHHORN
MANAGING DIRECTOR

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

| | | |
|--|---------|---------|
| 1.13 Total operating and investing cash flows (brought forward) | (1,173) | (1,173) |
| Cash flows related to financing activities | | |
| 1.14 Proceeds from the issue of shares, options, etc. | | |
| 1.15 Proceeds from the sale of forfeited shares | | |
| 1.16 Proceeds from borrowings | | |
| 1.17 Repayment of borrowings | | |
| 1.18 Dividends paid | | |
| 1.19 Other (provide details if material) - Capital raising expenses | (3) | (3) |
| Net financing cash flows | (3) | (3) |
| Net increase (decrease) in cash held | (1,176) | (1,176) |
| 1.20 Cash at beginning of quarter/year to date | 3,131 | 3,131 |
| 1.21 Exchange rate adjustments | | |
| 1.22 Cash at end of quarter | 1,955 | 1,955 |

**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 (A\$64,000).
Provision of secretarial services by director related entities (A\$1,000).
Provision of office accommodation by director related entity (A\$15,000).

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 | 300 |
| 4.2 Development | 0 |
| Total | 300 |

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)
Environmental bonds

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 | 279 | 255 |
| 5.2 Deposits at call | 1,650 | 2,850 |
| 5.3 Bank Overdraft | | |
| 5.4 Other (provide details) Environmental bonds | 26 | 26 |
| Total: cash at end of quarter (Item 1.22) | 1,955 | 3,131 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at Begin of Quarter | Interest at End of Quarter |
|-----|---|----------------------------------|---------------------------------------|-------------------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | See attached schedule | | |
| 6.2 | Interests in mining tenements acquired or increased | See attached schedule | | |

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Number Issued | Number quoted | Par value (cents) | Paid-up value (cents) |
|---|--------------------|---------------|-------------------|--------------------------|
| 7.1 Preference securities (description) | | | | |
| 7.2 Issued during Quarter | | | | |
| 7.3 Ordinary securities | 100,958,727 | 100,958,727 | | |
| 7.4 Issued during Quarter | | | | |
| 7.5 Convertible debt securities (description) | | | | |
| 7.6 Issued during quarter | | | | |
| 7.7 Options (description) | | | Exercise Price | Expiry Date |
| | 350,000 | Nil | \$0.25 | 15/12/2001 |
| | 50,000 | Nil | \$0.25 | 05/03/2002 |
| | 200,000 | Nil | \$0.25 | 19/12/2002 |
| | 200,000 | Nil | \$0.35 | 19/12/2002 |
| | 200,000 | Nil | \$0.45 | 19/12/2002 |
| | 200,000 | Nil | \$0.55 | 19/12/2002 |
| | 200,000 | Nil | \$0.65 | 19/12/2002 |
| | 100,000 | Nil | \$0.25 | 04/02/2004 |
| | 785,000 | Nil | \$0.35 | 19/10/2004 |
| | 785,000 | Nil | \$0.50 | 19/10/2004 |
| 7.8 Issued during Quarter | | | | |
| 7.9 Exercised during Quarter | | | | |
| 7.10 Expired during Quarter | 100,000 150,000 | Nil Nil | \$0.25 \$0.25 | 28/08/2001 01/09/2001 |
| 7.11 Debentures (totals only) | | | | |
| 7.12 Unsecured notes (totals only) | | | | |

Compliance 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

1. Metex Resources Limited has the right to earn a 70% interest in the Laverton Joint Venture Project tenements through sole funding the initial \$500,000 of exploration.
2. Metex Resources Limited has earned a 70% interest in the Mount Morgans Joint Venture Project tenements through sole funding of \$200,000 of exploration.
3. Barra Resources Limited has the right to earn a 70% interest in the Snake Hill Joint Venture Project tenements through sole funding the initial \$300,000 of exploration.
4. Gutnick Resources NL has the right to earn an 80% interest in the Southern Laverton Tectonic Zone Joint Venture Project tenements through sole funding the initial \$1,200,000 of exploration expenditure. Gutnick will continue to sole fund exploration until a Decision to Mine is made.
5. Croesus Mining NL has the right to earn an 80% interest in the gold rights of 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.
6. Portman Limited 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.
7. WMC Resources Ltd has the right to earn an 80% 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.
8. Delta Gold NL has the right to earn a 70% interest in the gold rights of the Scotia Kanowna Joint Venture 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.
9. Harmony Gold Limited has the right to earn an 80% interest in the Transline Joint Venture Project tenements through sole funding the initial \$800,000 of exploration expenditure. Harmony will continue to sole fund exploration until a Decision to Mine is made.
10. AngloGold Australasia Limited has the right to earn a 75% interest in the Binduli East 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.
11. WMC Resources Ltd has the right to earn an 80% equity interest in the Victory Joint Venture Project tenements through sole funding the initial \$125,000 of exploration expenditure. WMC will continue to sole fund exploration until a Decision to Mine is made.
12. Mount Burgess Mining NL has the right to earn a 70% interest of the non-nickel rights in the Perrinvale Joint Venture Project tenements through sole funding the initial \$500,000 of exploration expenditure.
13. Subject to the completion of final documentation, Newcrest Operations Limited has the right to earn a 75% interest in the gold rights in the Kookyne Joint Venture Project tenements through sole funding the initial \$800,000 of exploration expenditure. Heron may elect to contribute on a pro-rata basis, or dilute and be carried until a Decision to Mine is made.
14. Subject to the completion of final documentation, Placer Dome Asia Pacific has the right to earn a 70% interest in the gold rights of the Blister Dam Joint Venture Project tenements through sole funding the initial \$1,200,000 of exploration expenditure. Heron may elect to contribute on a pro-rata basis, or dilute and be carried until a Decision to Mine is made.
15. Subject to the completion of final documentation, Delta Gold NL has the right to earn an 80% interest of the gold rights of the Roe Hills Joint Venture Project tenements through sole funding the initial \$1,000,000 of exploration expenditure. Heron may elect to contribute on a pro-rata basis, or dilute and be carried until a Decision to Mine is made.

6.1 Interests in Mining Tenements relinquished, reduced or lapsed

| Tenement Reference | Nature of Interest | Interest Beginning Quarter | Interest End of Quarter |
|---------------------------|---------------------------|-----------------------------------|--------------------------------|
| E27/223 | Registered Holder | 100 | 0 |
| E28/1146 | Registered Holder | 100 | 0 |
| E29/147 | Registered Holder | 100 | 0 |
| E29/464 | Registered Holder | 100 | 0 |
| E29/465 | Registered Holder | 100 | 0 |
| M31/115 | Registered Holder | 100 | 0 |
| M39/428 | Beneficial Applicant | 100 | 0 |
| P24/3762 | Registered Holder | 100 | 0 |
| P28/977 | Registered Holder | 100 | 0 |
| P28/978 | Registered Holder | 100 | 0 |
| P31/1398 | Registered Holder | 100 | 0 |

6.2 Interests in Mining Tenements acquired or increased (Registered Holders Heron or Avoca)

| Tenement Reference | Nature of Interest | Interest Beginning Quarter | Interest End of Quarter |
|---------------------------|----------------------------|-----------------------------------|--------------------------------|
| E15/738 | Registered Applicant Avoca | 0 | 100 |
| E24/119 | Registered Applicant Heron | 0 | 100 |
| E27/273 | Registered Applicant Heron | 0 | 100 |
| E28/1207 | Registered Applicant Avoca | 0 | 100 |
| E28/1223 | Registered Applicant Heron | 0 | 100 |
| E28/1224 | Registered Applicant Heron | 0 | 100 |
| E28/1225 | Registered Applicant Avoca | 0 | 100 |
| E28/1226 | Registered Applicant Avoca | 0 | 100 |
| E28/1227 | Registered Applicant Avoca | 0 | 100 |
| E29/508 | Registered Applicant Heron | 0 | 100 |
| E30/268 | Registered Applicant Heron | 0 | 100 |
| E31/586 | Registered Applicant Heron | 0 | 100 |
| E31/591 | Registered Applicant Avoca | 0 | 100 |
| E31/592 | Registered Applicant Avoca | 0 | 100 |
| E38/1461 | Registered Applicant Avoca | 0 | 100 |
| E39/940 | Registered Applicant Avoca | 0 | 100 |
| E39/946 | Registered Applicant Avoca | 0 | 100 |
| E53/1010 | Registered Applicant Avoca | 0 | 100 |
| E53/1012 | Registered Applicant Avoca | 0 | 100 |
| E63/795 | Registered Applicant Heron | 0 | 100 |
| E63/797 | Registered Applicant Avoca | 0 | 100 |
| E63/798 | Registered Applicant Avoca | 0 | 100 |
| E77/1076 | Registered Applicant Heron | 0 | 100 |
| E77/1077 | Registered Applicant Heron | 0 | 100 |
| E77/1082 | Registered Applicant Heron | 0 | 100 |
| M29/310 | Registered Applicant Heron | 0 | 100 |
| M31/313 | Registered Applicant Heron | 0 | 100 |
| M31/314 | Registered Applicant Avoca | 0 | 100 |
| P24/3763 | Registered Applicant Heron | 0 | 100 |
| P24/3765 | Registered Applicant Heron | 0 | 100 |
| P26/3090 | Registered Applicant Heron | 0 | 100 |
| P26/3091 | Registered Applicant Heron | 0 | 100 |
| P28/980 | Registered Applicant Avoca | 0 | 100 |
| P53/1113 | Registered Applicant Avoca | 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
Ian Buchhorn

Date: 30/10/01

Print name:

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.