



HERON RESOURCES LIMITED

JUNE 2004 QUARTER HIGHLIGHTS

- **Positive recommendation received for Kalgoorlie Nickel Project Scoping Study:**
 - Independent mineral resource estimate 862mt at 0.74% Ni and 0.05% Co.
 - Resource provides critical mass for a 50,000tpa nickel operation over 25 years.
 - Consulting engineers indicate robust financials, 25% IRR and NPV A\$607m at 10%.
- **In terms of project milestones, the Kalgoorlie Nickel Project has sign-off on:**
 - Resource availability, amongst the World Top 4 nickel metal resources.
 - Metallurgical flow-sheet, proposed components are proven in operations.
 - Infrastructure, regionally best available in World.
 - Sovereign stability, best in World.
- **Heron to commence Kalgoorlie Nickel Project Pre-feasibility Study:**
 - Recruitment of senior technical management underway.
 - Pre-feasibility Study drilling underway, 6,822m RC drilling completed at Highway.
- **Argonaut Capital appointed corporate adviser to assist with project funding:**
 - Initial A\$1 million capital raising completed to a new top three shareholder.
 - London AIM listing progressing well, strong interest during London broker visit.
- **Increasing market recognition of the potential of the Kalgoorlie Nickel Project asset:**
 - Discussions current with nickel industry strategic investors.
 - Strong industry interest in securing nickel off-take from Kalgoorlie Nickel Project.





21 Close Way, Kalgoorlie WA 6430
PO Box 1280, Kalgoorlie WA 6430

Phone 61 8 9091 9253
Facsimile 61 8 9091 9256
Email ibuchhorn@heronresources.com.au
Website <http://heronresources.com.au>

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1. SUMMARY

Nickel Laterite

Heron has announced a time frame and pathway to fund and commission the **Kalgoorlie Nickel Project** (KNP).

Independent Mineral Resource Estimates

JORC-compliant independent mineral resource estimation was completed by Snowden Mining Industry Consultants (Snowden). Results are:

JORC (1999) Resource Class	Tonnage Mt	% Ni	% Co
Measured	12	0.96	0.079
Indicated	154	0.83	0.055
Inferred	696	0.72	0.048
Total	862	0.74	0.050

Independent Scoping Study

Heron retained consulting engineers Sinclair Knight Merz (SKM) to conduct an independent Scoping Study for the Kalgoorlie Nickel Project. The Study is based upon mineral resources not reserves, and at this order of magnitude stage of evaluation, it is apparent that the KNP will have the key attributes typical of a major resource project.

The Scoping Study indicates that the development of a treatment plant to produce nickel precipitate for sale will be economically robust.

On this basis, Heron has commenced a Pre-feasibility Study (PFS), aiming for completion in late 2005. The Scoping Study indicated a PFS duration of 5 months, but Heron views that additional drilling and metallurgical programs should be carried out, particularly to quantify the screen upgrade of the leach feed.

Base case financial modelling, assuming real monetary post tax terms and a nickel price of US\$3.50 per pound (current Ni price exceeds US\$6.00 per pound) indicates the KNP will have:

- Approximate 25% internal rate of return (IRR) on a geared and unhedged basis.
- Estimated A\$607m net present value (NPV) at a discount rate of 10%.

Under the base case scenario, the KNP is anticipated to generate annual revenue of approximately A\$710 million with corresponding operating costs of A\$312 million, for an annual pre-tax profit of A\$276 million after refining and capital replacement charges.

These financial returns have been estimated over a project life of 25 years and assume the KNP produces 50,000tpa of Ni-in-intermediate product and 3,000tpa Co-in-intermediate product. The order of magnitude capital estimate for the KNP is A\$1,400 million.

KNP Pre-Feasibility Study

Resource Definition Drilling

Drilling programs have been designed, with 150,000m of RC and 10,000m of diamond drilling planned for completion by December 2005.

At the **Highway Prospect**, 6,822 metres in 180 holes of reverse circulation drilling was completed, covering a 10km strike of Walter Williams Formation ultramafic. Extensive goethite ore was encountered. Significant intersections include:

- 19 metres at 1.01% Ni from 14 metres depth.
- 8 metres at 1.38% Ni from 4 metres depth, and
- 12 metres at 1.63% Ni from 8 metres depth;
- 12 metres at 1.25% Ni from 23 metres depth;



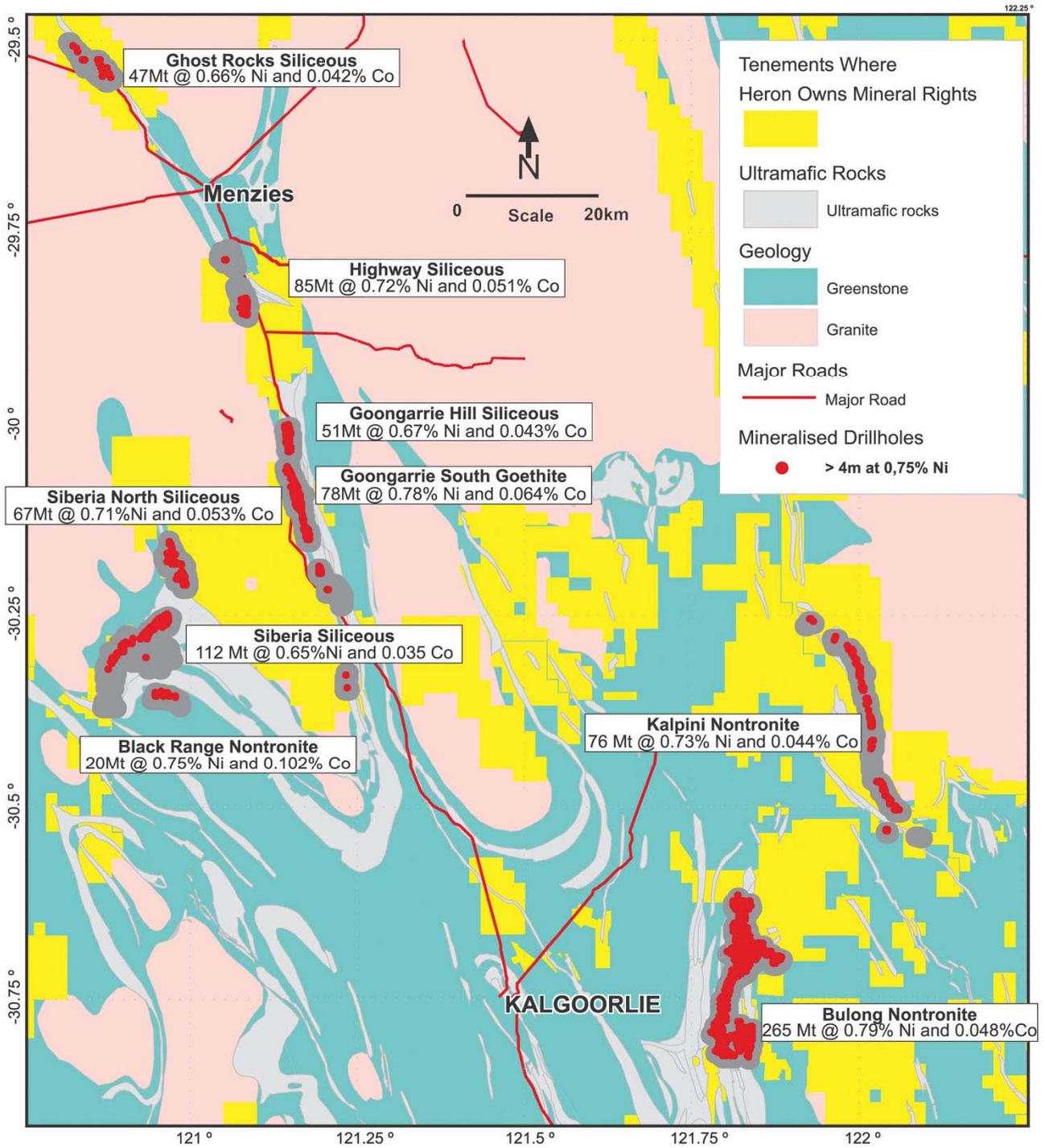


Figure 1 Kalgoorlie Nickel Project, Distribution of drill holes and ore grade intercepts



2. OPERATIONS REVIEW

2.1 KALGOORLIE NICKEL PROJECT

MINERAL RESOURCE ESTIMATION

The total **KNP Mineral Resource is 862 million tonnes grading 0.74% nickel and 0.05% cobalt** at a 0.5% nickel cut-off grade. At the estimated tonnages and grade, the KNP resource contains 6.4 million tonne of nickel metal and 0.4 million tonne of cobalt metal. This Mineral Resource is the fourth largest contained nickel resource in the World, including both sulphide and laterite resources, and is only exceeded by three of the tropical ferro-nickel laterite producers.

The KNP resource occurs as shallow lateritic mineralisation suitable for mining by open-cut methods and processing by Pressure Acid Leach (PAL) and Saprolite Acid Leach (SAL). The resource estimate is based upon in excess of 400,000m of drilling completed by Heron, as well as third parties from whom Heron has purchased tenements.

Heron views that the key conclusions in respect of the resource estimates and future project development are:

- Sufficient resources are present to support the Kalgoorlie Nickel Project as a producer of 50,000 tonnes of nickel and 3,000 tonnes of cobalt per annum as intermediate product over a project life exceeding 25 years.
- The siliceous ore is likely to be bulk mined at a nominal 0.75% Ni cut-off grade for a 1.0% Ni head grade. Following screening out of barren siliceous plates and rejecting some 50% of the run-of-mine ore, the leach feed grade is estimated to be 1.5% Ni.
- The resource tonnage is comparable to or exceeds that of international peers. Through screening of siliceous mineralisation, the resource Leach Feed Grade is at the upper range of international PAL nickel laterite projects.
- The resource at Goongarrie-Siberia-Ghost Rocks is 505 million tonne grading 0.71% nickel and 0.05% cobalt. This mineralisation occurs dominantly as siliceous goethite suited to screen upgrade, followed by PAL processing. For comparison, the published proved and probable reserve of the Ravensthorpe nickel project currently under development is 263 million tonne grading 0.65% nickel and 0.03% cobalt, with Ravensthorpe ore having a strong screen upgrade.

Siliceous and Goethite Ore

The North Kalgoorlie Nickel Project, represented by the Goongarrie, Siberia, Highway and Ghost Rocks prospects, consists of siliceous and goethite ore for treatment by PAL. A laterally extensive rock unit termed the Walter Williams Formation (WWF) contains uniformly developed siliceous laterite mineralisation. Heron holds some 125 kilometres of strike of the WWF.

There is potential through systematic drill exploration to significantly increase KNP resources within the current Heron land holding. In particular, the Goongarrie-Siberia district has had insufficient exploration for the saprolitic mineralisation style which is required for atmospheric SAL. Previous drilling was stopped on recognition of saprolite (characterised by light hues due to magnesite), irrespective of nickel grade.

Saprolite Ore

The Hampton Nickel Project, represented by Bulong with the Kalpini and Lake Rebecca prospects, is dominantly saprolite and nontronite nickel laterite ore. Bulong is an important asset of the Kalgoorlie Nickel Project, being the main back-up source of saprolite ore for SAL and neutralisation

The Kalpini and Bulong estimated Mineral Resources of 341 million tonnes grading 0.78% nickel and 0.05% cobalt represent strategic longer term sources of saprolitic feed for the KNP.

KNP Screen Upgrade

Following screening of siliceous ore, Heron estimates that the available leach feed is 122 million tonne grading 1.5% Ni and 0.1% Co which equates to 1.8 million tonne of nickel metal (of the available 6.4 million tonne of nickel metal). The beneficiation of siliceous goethite ores allows for a life-of-project leach feed grade of 1.5% Ni.

The benefits of laterite ore screening to improve the processed nickel grade are exemplified by the planned Ravensthorpe nickel project in Western Australia. Ravensthorpe has a Leach Feed Grade (LFG) for upgradeable siliceous laterite ore in the range of 2.5% Ni (Year 1) to 1.0% Ni (Year 20), for an average of approximately 1.4% Ni for the life-of-project.

KNP similarly has screen upgradeable siliceous laterite mineralisation, but the precise life-of-project LFG profile will be the subject of further Feasibility Study testwork. For the current Scoping Study, Heron has utilised upgrade estimates from semi-quantitative testwork on Heron RC drill samples.



METALLURGY

KNP to Use an Established Flow Sheet

The processing plant is planned to be located at Goongarrie, within close proximity to both the main resources and the province's established infrastructure.

The KNP will utilise the PAL technology for the premium, upgradeable goethite and siliceous ores. It is proposed to investigate the leaching of nontronite and saprolite ores by SAL, as a supplementary leaching and neutralisation stage. The possible ore blend is 60% goethite and 40% saprolite. Conventional limestone neutralisation may be used initially for the KNP, to minimise technical risk.

Downstream processing proposed for the KNP would produce an intermediate precipitate using the proven Cawse style flowsheet, which is also similar to the proposed Ravensthorpe flowsheet. The envisaged KNP flowsheet will involve partial neutralisation of leach ore slurry, followed by separation of leach residue from the nickel bearing solution, further impurity removal, and precipitation of mixed nickel and cobalt intermediate product.

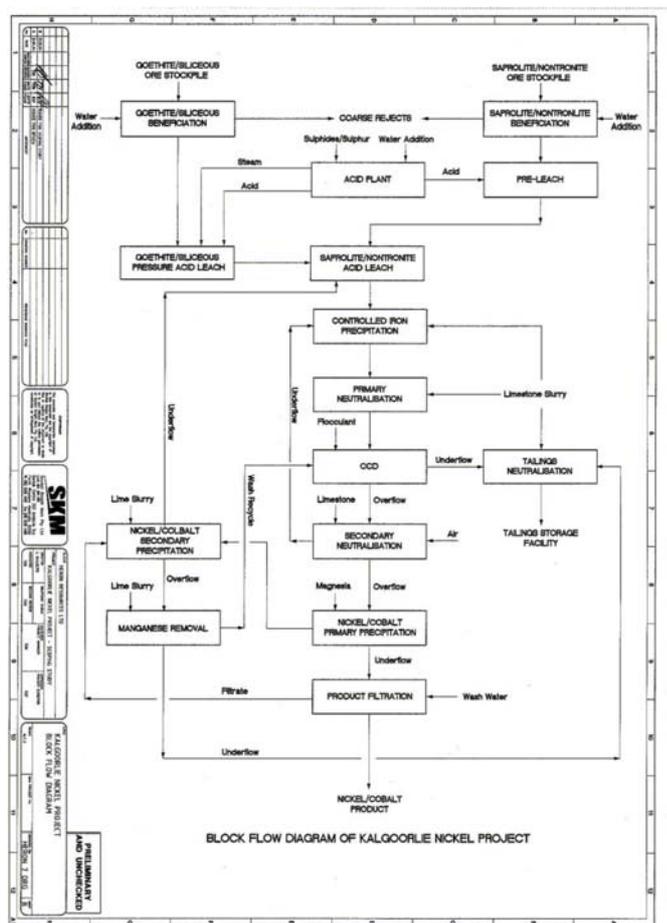


Figure 2 Kalgoorlie Nickel Project Flow Sheet

Lessons from Earlier Generation PAL Plants

The KNP will be a “fourth generation” nickel laterite, able to leverage off the knowledge gained from previous WA PAL nickel laterite operations, and the soon to be implemented Ravensthorpe and Goro nickel laterite operations:

- Mechanical equipment design factors will be consistent with known plant reliability. The materials of construction for high temperature and high pressure PAL operations are critical. Only components proven in existing operations at throughput levels comparable to those planned for the KNP will be considered. Earlier PAL operations were negatively impacted by substituting less than optimal materials and equipment in order to reduce initial capital costs.
- Technical risk is minimal. The PAL process is robust and proven at the current laterite operations. The SAL variation envisaged by the KNP aims to produce additional nickel by using PAL discharge solutions to leach high magnesium saprolite ore at minimal marginal cost.
- De-coupled and multiple train flow-sheets are essential to the maintenance of plant availability. Supply of services and utilities should be designed to provide flexibility to permit process turn down and rapid ramp up following shutdowns.
- The skill levels required to operate complex hydrometallurgical plants did not exist in WA in the late 1990s when the “second generation” PAL plants were being commissioned.
- The quality and size of the KNP resource base, structured as it is around siliceous goethite ore, has significant advantages over some of the earlier PAL projects in terms of leach feed grade, materials handling and acid consumption.
- Specifically, the plant ore feed will be designed around a consistent bulk tonnage siliceous goethite feed mined at a low cut-off grade, with high leach feed grades achieved through “selective screening” rather than “selective mining”.
- The production of an intermediate product for sale minimizes capital cost and lowers risk. This approach allows the KNP flowsheet to operate without impediment by refining capacity.

PROJECT STUDIES

KNP Financial Modelling

An MBA study group from Oxford University has been based at the Heron Kalgoorlie office evaluating financial models and funding options for Heron. The study scope has included:

- Nickel market projections, including the KNP sensitivity to nickel price cycle (very low, considering a 25 year project life and 5-7 year price cycles).
- Project funding mixes, including forward offtake sales, currency and commodity hedging for payback period and the like.
- Light capital options, including plant leasing.

The Oxford MBA financial analyses have assisted with Heron's corporate presentations (refer Heron website).

Pre-feasibility Study

The Pre-feasibility Study budget including drilling, metallurgy, engineering and environmental is A\$16m for field studies and consultants over 18 months. The majority of drilling expenditure would be between August 2004 and June 2005 to provide the resources upon which to base metallurgical and mining studies. Estimates are:

Drilling	\$10.0 million
Metallurgical testwork	\$4.0 million
Engineering	\$1.0 million
Resource studies	\$0.5 million
Environmental	\$0.5 million

Total Pre-feasibility Study \$16.0 million

2.1.1 Bulong

Heron right to acquire 100% of all mineral rights. Nickel - gold - base metals.

The Bulong area is located 90km SE of Heron's North Kalgoorlie Nickel Project, and 40km SW of Heron's Hampton Nickel Project.

On 8 April 2004, Heron entered into an agreement for the purchase of all mineral rights for mining tenements in the Bulong Project beneficially owned by Bulong Operations Pty Ltd and Bulong Nickel Pty Ltd (both with Receivers and Managers Appointed and In Liquidation), together termed the "Vendor".

Preparation of sale agreements is current, with the Parties having settled upon the final form agreement for the first tranche of tenements.

2.1.2 Goongarrie

Heron 100%.
Nickel - gold.

Validation re-logging of selected nickel laterite drill holes was completed as part of the Kalgoorlie Nickel Project Scoping Study.

A review of ore characterisation was completed. Four main ore types subdivided into twelve sub-ore types have been defined:

- Siliceous and manganiferous goethite ore, will be blended as the ROM PAL plant feed.
- Nontronitic ore, variable screen upgrade, suitable for atmospheric acid leach.
- Saprolitic ore, competent rock, requires crushing, suitable for atmospheric acid leach.
- Talc ore, high grade ore in "talc shears", suitable for both PAL and SAL processing.

2.1.3 Siberia

Heron 100%.
Nickel - gold.

A purchase of the 10% minority interest held by Destra Corporation in the Siberia Tank project was agreed.

2.1.4 Highway

Heron 51% (Highway) and 87.5% (Highway Extended).
Nickel - gold.

A 6,822m RC drill program was completed, based on a 400x80m pattern over 24 drill lines targeting previously defined nickel laterite intercepts.

Well developed zones of nickel-enriched ferruginous clays (Heron CUF) were intersected over the olivine adcumulate ultramafic rocks of the Walter Williams Formation. The ferruginous clay was typically overlain by a ferruginous lateritic duricrust, and underlain by a ferruginous siliceous zone (CUS) grading down into a zone of white magnesian clays (CLM).

In the northern project area, palaeo-channel sediments were encountered below the broad present day drainage system. Typical puggy mottled clays overlay a coarse sandy aquifer unit which terminates against siliceous ultramafic bedrock at 40m depth. The palaeo-channel boundaries have been mapped with broader spaced drilling (800m x 320m) before infilling those areas with potential nickel laterite mineralisation.

The palaeo-channel has been identified as a potential source of process water for the KNP Goongarrie plant. The strategy would be to draw down the aquifer ahead of the Highway laterite mining.



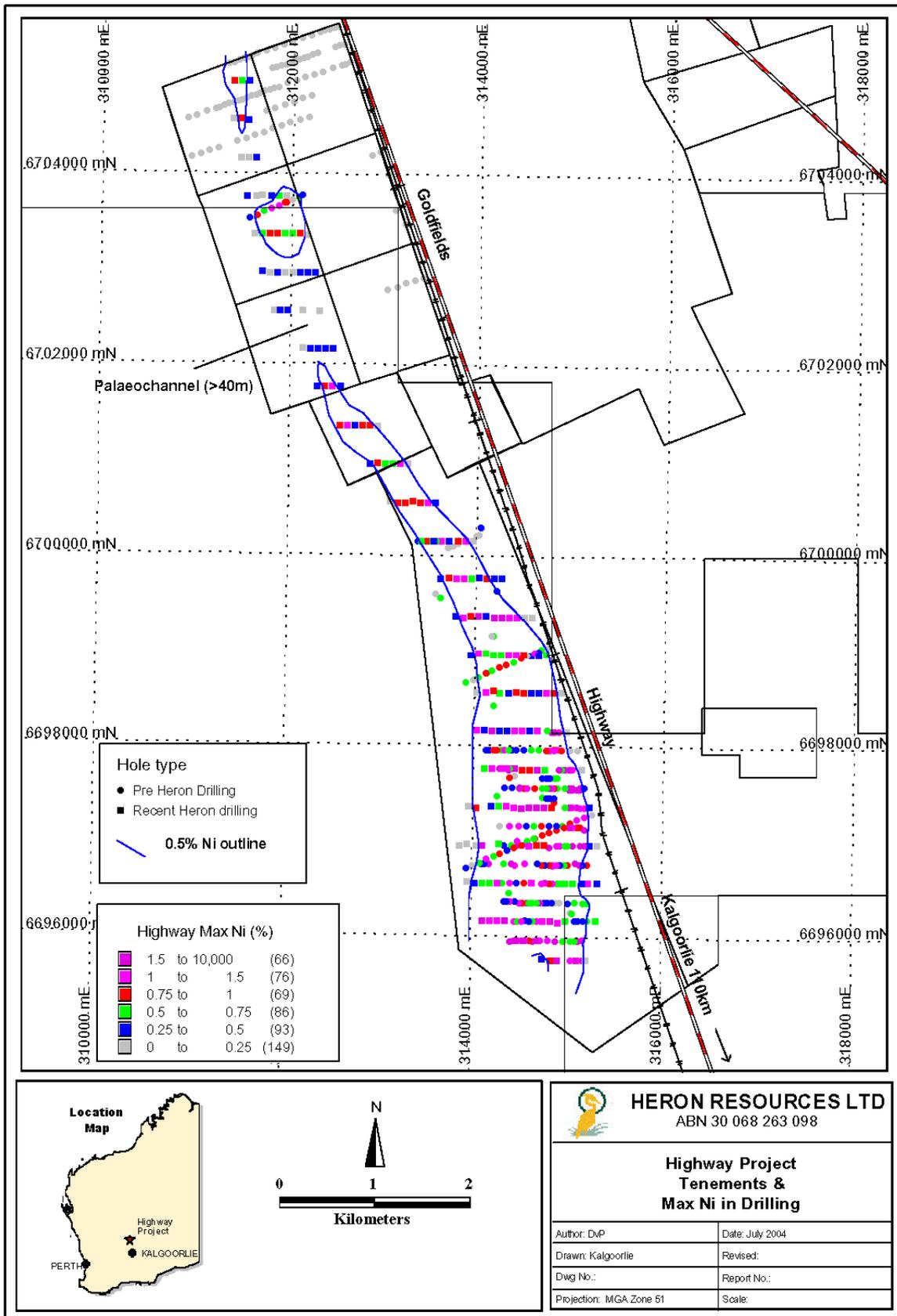


Figure 3 Highway Prospect, Kalgoorlie Nickel Project, Distribution of drill holes and ore grade intercepts



Significant results at a 0.75% Ni cut-off grade include:

Table 2 Significant Intersections at 0.75% Ni cut-off grade							
Hole	North	East	From m	To m	Thick m	Ni %	Co %
HWRC005	99750	3799	10	24	14	0.94	0.09
HWRC014	99354	4278	16	22	6	1.19	0.02
HWRC015	99353	4198	7	14	7	1.20	0.05
HWRC025	98963	4439	14	26	12	0.97	0.08
HWRC030	98966	4042	14	29	15	0.97	0.2
HWRC035	00560	3483	24	28	4	1.10	0.05
HWRC054	00151	3884	14	33	19	1.01	0.15
HWRC075	97758	4681	29	33	4	1.40	0.08
HWRC079	97755	4359	20	28	8	1.14	0.06
HWRC080	97758	4200	0	7	7	1.14	0.08
HWRC080	97758	4200	16	41	25	0.84	0.07
HWRC083	96560	5237	8	20	12	1.07	0.05
HWRC096	96954	4117	4	12	8	1.38	0.08
HWRC161	98158	4200	8	20	12	1.63	0.06
HWRC163	98160	4039	19	23	4	0.99	0.15
HWRC167	97356	4758	25	32	7	1.27	0.07
HWRC184	96160	4841	10	22	12	1.20	0.05
HWRC186	96159	4360	23	35	12	1.25	0.04
HWRC191	95758	4918	20	28	8	0.94	0.03
HWRC206	01762	2460	16	28	12	0.94	0.12

Nickel laterite mineralisation has now been verified in the Highway project area over a strike length of some 10 kilometres. The Highway resource (with Ghost Rocks) represents ore-feed later in the project to the KNP plant, once the Goongarrie-Siberia resources are depleted.

2.1.5 Kalpini

Heron 100%.
Nickel - gold.

Validation re-logging of selected nickel laterite drill holes was completed as part of the Kalgoorlie Nickel Project Scoping Study. Resource estimation was completed by Snowden.

The Acra North magnesite deposit was evaluated for future use in PAL slurry neutralisation.

2.2 REGENT IPO

Heron's wholly owned subsidiary **Regent Resources Limited** (Regent) is planned to be an IPO. The aim was to list Regent on ASX prior to 31 December 2004, but current market conditions and higher priority nickel laterite programs now make this unlikely.

The key Regent IPO assets are considered to be:

- Bungalbin Iron Ore assets.
- Onslow Iron Sand project (new acquisition).
- Bandicoot Range Iron Ore (new acquisition).
- Musgrave Copper-Gold project.
- Yindarlgooda Gold-VMS project

2.3.1 Bungalbin Iron Ore

Regent 100%.
Iron Ore.

The project is currently subject to joint venture negotiations in respect of an Iron Ore development.

The two excellent Algoma-style Iron Ore occurrences are present, one in-situ haematite and the second kanga (near transported and enriched), that together have a potential iron ore resource of up to 13 million tonne. The immediate shipping target is 4 million tonne.

2.3.2 Onslow Iron Sand Project

Regent 100%.
Iron Ore-Heavy Mineral Sands.

Two Exploration Licence applications totalling 400km² were applied along the coast south-west of Onslow. A modest sized iron-sand deposit was delineated in the early 1970s, however, a pre-feasibility study at the time found it to uneconomic. Given the much improved infrastructure, power supply and higher iron prices it was considered the area warranted a re-evaluation.

The heavy mineral content is 8-17%, of which 60-70% is iron ore, with accessory ilmenite and zircon.



2.3.3 Bandicoot Range Iron Ore

Regent 100%.
Iron Ore.

This area is located over the Bandicoot Range, directly west of Kununurra and was covered by a 154 km² Exploration Licence application. Haulage and shipping infrastructure is locally well established.

Open-file searches indicate that a number of iron ore occurrences are present in the area that were explored in the early 1970s. Ten separate ferruginous sandstone and siltstone horizons were recognised ranging in thickness from 1-10m. Rock chips from the horizons returned up to 65% Fe. It was estimated that the ten horizons contain about 150 million tonne of ferruginous rock, with an average grade of 22.7% Fe. The exploration target is zones of secondary valley-fill kankar or structure-related supergene enrichment.

2.3.4 Musgrave Base Metal Province

Regent 100%.
Gold - copper.

The 750km² Warburton area in the Musgrave Province is highly prospective for Proterozoic copper and copper-gold mineralisation, occurring within Sedimentary Exhalative (sedex) and Iron Ore Copper-Gold Deposit (IOCAD) settings. The area was explored in the late 1960s and early 1970s by a multi-national explorer who recorded over 150 copper mineralised occurrences and successfully intersected high-grade copper/silver mineralisation in a number of diamond-core drillholes:

- 3.5m at 8.2% Cu and 16.4g/t Ag from 73m;
- 3.1m at 2.2% Cu and 19.1g/t Ag from 99m;
- 3.5m at 2.2% Cu and 5.3g/t Ag from 59m.

Warburton drill core in storage at the GSWA core library was reviewed. The most striking feature of the core is the pervasive red hematite alteration occurring in most rock types. The dominant rock types are medium grained, generally massive, mafic to intermediate volcanic rock and a pebbly porphyry clast breccia/conglomerate. Selective core re-sampling and assaying has commenced.



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 (AusIMM) and has 30 years experience as an exploration geologist, 20 years experience as a mineral economist, and 7 years experience in evaluating nickel laterite mineral resources, and has the appropriate relevant qualifications, experience and competence to be considered as a "Competent Person" as defined in the JORC Code.



Musgrave breccia and haematitic alteration

2.3.5 Yindarlgooda Base Metals

Regent 100%.
Gold - copper - zinc.

Numerous historical gold workings are present on Regent's tenements, including the **Queen Lapage** gold mining centre, with a gold resource estimated by a previous explorer at 130,000t at 4g/t Au.

Extensive gossanous horizons are recorded from the Yindarlgooda project. These have been confirmed by field checks, aimed at assessing their sulphur potential for use in nickel laterite processing. Open file research has shown that significant work programs have been previously completed at the Yindarlgooda gossans. The model is Canadian style Archaean Volcanogenic Massive Sulphide (VMS) deposits that include copper and lead-zinc sulphides.

To date only pyrite is recorded at Yindarlgooda, over a 4km strike length, however turquoise is present, indicating an elevated background copper.

2.3.6 Kookynie Project

Regent 100%.
Gold - copper - zinc.

Additional tenements were pegged at Glenorn and Melita. The region is prospective for VMS mineralisation, being 80km south along strike of the Teutonic Bore felsic volcanic complex. A JV partner is to be sought, with discussions current. Several gold targets are present, associated with the western margin of the Keith Kilkenny Tectonic Zone.



1.13 Total operating and investing cash flows (brought forward)	(677)	(1,966)
Cash flows related to financing activities		
1.14 Proceeds from the issue of shares, options, etc.		2,646
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)		
- Refundable Bond		20
- Capital Raising Expenses	(20)	(20)
Net financing cash flows	(20)	2,646
Net increase (decrease) in cash held		
	(697)	680
1.20 Cash at beginning of quarter/year to date	2,077	700
1.21 Exchange rate adjustments		
1.22 Cash at end of quarter	1,380	1,380

**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 item 1.2	101
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\$74,000). Provision of office accommodation by director-related entity (A\$15,000). Provision of legal advice by director-related entity (A\$12,000).
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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

Nil

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

See attached schedule



Financing facilities available

Add notes as necessary for an understanding of the position

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	0
Total	500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to related items in the accounts as follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	62	244
5.2 Deposits at call	923	1,500
5.3 Bank Overdraft		
5.4 Other (provide details)		
Environmental bonds	109	105
Escrow Accounts	286	228
Total: cash at end of quarter (Item 1.22)	1,380	2,077

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.

	Total number	Number quoted	Issue price per security (see note 3) (\$)	Amount paid up per security (see note 3) (\$)
7.1 Preference securities (description)				
7.2 Changes during Quarter (a) Increases through share issues (b) Decreases through returns of capital, buybacks, redemptions				
7.3 Ordinary securities	128,939,600	128,939,600		
7.4 Changes during Quarter * (a) Increases through share issues (b) Decreases through returns of capital, buybacks				
7.5 Convertible debt securities (description)				
7.6 Changes during Quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)			<i>Exercise Price</i>	<i>Expiry Date</i>
	785,000	Nil	\$0.35	19/10/2004
	785,000	Nil	\$0.50	19/10/2004
	2,000,000	Nil	\$0.35	20/12/2004
	500,000	Nil	\$0.35	30/06/2005
	500,000	Nil	\$0.50	30/06/2005
	4,243,172	Nil	\$0.25	30/06/2007
	2,150,000	Nil	\$0.25	16/12/2007
	250,000	Nil	\$0.25	16/12/2007
7.8 Issued during Quarter				
7.9 Exercised during Quarter				
7.10 Expired during Quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

* Under the terms of a mandate entered into with Argonaut Capital, the Company has undertaken to pay a success fee satisfied through the issue of shares on the attainment of certain milestones related to share price.



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. Portman Limited (Portman) 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.
2. Mount Burgess Mining NL (Mount Burgess) 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.
3. Bronzewing Gold NL (Bronzewing) may earn a 70% interest in precious metals from Heron's King of Creation Project through expending \$250,000 within four years.
4. Jackson Gold Limited (Jackson) may earn a 70% interest in gold and silver minerals through expending \$300,000 within four years. Once Jackson earns its equity, Heron may at its sole discretion contribute on a pro-rata basis, or convert to a 20% free-carried equity to the completion of a Bankable Feasibility Study that recommends commencement of mining, or convert to a 2.5% royalty for recovered metal.

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

<i>Tenement</i>	<i>Nature of Interest</i>	<i>% Begin Quarter</i>	<i>% End Quarter</i>
E08/2958	Registered Holder	100	0
E80/2965	Registered Holder	100	0
E80/3040	Registered Holder	100	0
E80/3041	Registered Holder	100	0
E80/3042	Registered Holder	100	0

6.2 Interests in Mining Tenements acquired or increased

<i>Tenement</i>	<i>Nature of Interest</i>	<i>% Begin Quarter</i>	<i>% End Quarter</i>
E08/1458	Registered Applicant	0	100
E08/1465	Registered Applicant	0	100
E80/3367	Registered Applicant	0	100
P15/4692-95	Registered Applicant	0	100
P27/1661	Registered Applicant	0	100
E38/1695-96	Registered Applicant	0	100
E31/670	Registered Applicant	0	100
P37/6705	Registered Applicant	0	100
E25/305	Registered Applicant	0	100
E63/944	Registered Applicant	0	100
P24/3179-84	Registered Holder	80	90
P27/1517	Registered Holder	0	100
P27/1649-54	Registered Applicant	0	100
E31/668	Registered Applicant	0	100
E28/1481	Registered Applicant	0	100
P24/3943	Registered Applicant	0	100
P15/4686	Registered Applicant	0	100
M15/1465	Registered Applicant	0	100
E29/563	Registered Applicant	0	100
M29/337	Registered Applicant	0	100
E37/791	Registered Applicant	0	100
E40/206	Registered Applicant	0	100
E37/790	Registered Applicant	0	100
P37/6705	Registered Applicant	0	100
E29/564	Registered Applicant	0	100



Tenement	Nature of Interest	% Begin Quarter	% End Quarter
P39/4341	Registered Applicant	0	100
P39/4342	Registered Applicant	0	100
P37/6705	Registered Applicant	0	100
E25/303	Registered Applicant	0	100
P25/1814-18	Registered Applicant	0	100
P27/1655	Registered Applicant	0	100
E15/861	Registered Applicant	0	100

Compliance Statement

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

Date: 31/7/04

Print name: Ian Buchhorn

Notes

1. The Quarterly Report is to provide a basis for informing the market how the entity's activities have been financed for the past Quarter and the effect on its cash position. An 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. **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

