



annual report

1997

Corporate Directory

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PERTH WA 6000

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KALGOORLIE WA 6430

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Director (Non Executive)
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KALGOORLIE WA 6430

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Company Secretary

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Company Secretary
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Solicitor to the Company

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ASX CODE
HRR

SEAT ABBREVIATION
Heron

HOME BRANCH
Perth

INDUSTRY CLASSIFICATION
013 GOLD
(Gold, Other Mining)

RESEARCH SERVICE INDEX NO.
Mining H50

ISIN
AU000 000 HRR6



Cover centre piece:
*"Wankatha coming to sit down
in the shade of a big tree"*
by renowned
Goldfields Artist, Mary McLean

Photo Right:
Ian Buchhorn (Managing Director),
Suzanne Rossetto
(Administration Manager),
Dave Crook (Exploration Manager)



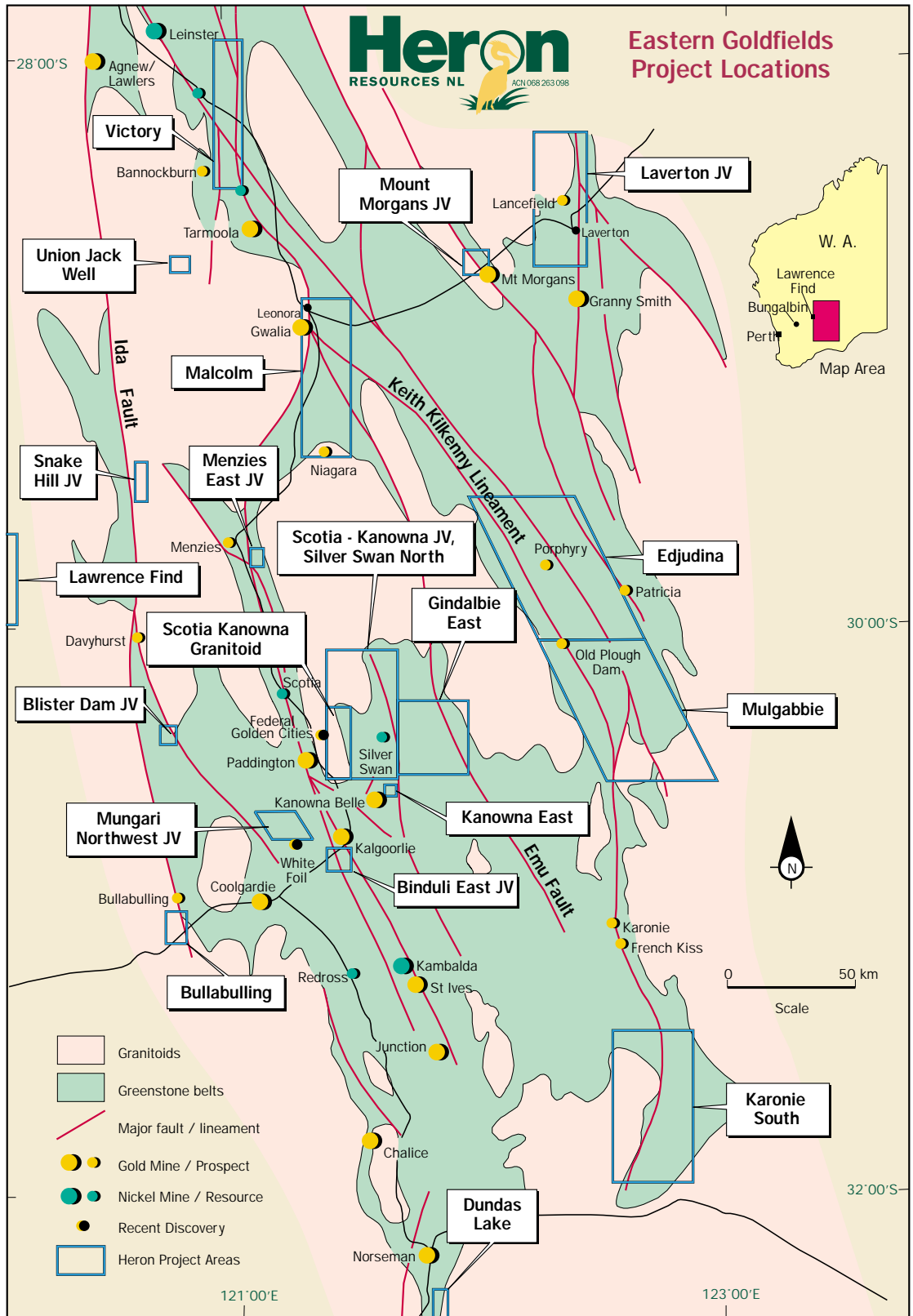
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Board Members: Bob Colville, Rod Evans (Chairman), Ian Buchhorn (Managing Director) and Glenn Porter



1.0 Chairman's Review

It is with pleasure that I present the second Annual Report of Heron Resources NL. In the year since listing, we can look upon the achievements of the Company with some pride:

- Targets nominated in the June 1996 Prospectus have been drill-tested as per proposed programs, and are still active projects, although in some cases under joint venture. Ore grade intersections or advanced stage targets have been recorded at several projects:
 - Wellington North Prospect, a komatiite channel system with a 10,000 - 15,000ppb Ni soil anomaly has been identified. This target is very prospective for both Silver Swan - style nickel sulphide and nickel laterite mineralisation.
 - Garibaldi Prospect, initial RAB drilling has returned up to 16m at 6.40g/t Au.
 - Yarri Prospect, drilling indicates potential for a granitoid - hosted heap leach gold resource.
 - Webb Find Prospect, RC drill intercepts include 12m at 3.80g/t Au and 10m at 2.60g/t Au.
- The tenement portfolio has been substantially expanded, with tenements held increased from 68 in the Prospectus to 245, active projects increased from 8 to 23, and active provinces increased from 4 to 11. The acquisitions are restricted to ultramafic belts with demonstrated komatiite - hosted massive nickel sulphide occurrences, or regional structures with proven 1 million oz gold systems.
- Acquisitions have included:
 - Mungari Northwest Project, adjoining and along strike of the recently discovered White Foil-Kundana 1 million oz mining camp, 67km² project area, farm out of 50% for \$3m.
 - Mulgabbie Project, adjoining and along strike of the recently discovered Old Plough Dam-Khartoum 1 million oz mining camp, tenement holding increased to a 227km² project area.
 - Scotia-Kanowna Project, adjoining and along the mineralised corridor of the recently discovered Golden Cities-Federal 1 million oz mining camp.
 - Gawler Craton G2 Project, along the strike of the Olympic Dam-hosting G2 gravity lineament, 2700km² project area, highly anomalous Cu-U-Au in previous stratigraphic drilling, prospective kimberlitic aeromagnetic anomalies, and marine diamond potential, farm out of 70% for \$4m.
 - Bungalbin, 67mt high grade iron ore resource occurring in the Koolyanobbing region.

These substantial acquisitions have been achieved without exceeding the prospectus budget of \$1.7m pa. Budget management has been assisted through joint venturing. Joint ventures in the last year have in fact resulted in Heron now being free-carried for up to \$10.75m in exploration expenditure.

Your Board's continuing objective for the Company is to maximise returns to Shareholders through the identification, acquisition, evaluation and development of high quality exploration and mining projects. Properties currently held are 100% owned by the Company, free of any royalty or other encumbrance. This results in a great flexibility for the Company to deal in its tenements, as reflected in the level of farm outs.

It is a Board priority to establish an early cash flow mining operation, either through development of one of the existing exploration projects, or by acquisition of an advanced stage project. To this end, the Company has evaluated several acquisition opportunities in the last year, without identifying a suitable cash flow project.

Because of the multi-commodity aspect of the Company's projects, particularly the nickel emphasis, Heron has been able to weather the recent poor performance of the gold market with some resilience.

Its sound financial position will allow your Company to continue to grow with considerable confidence and your Board looks forward to the continued support of all its Shareholders. The Board acknowledges the enthusiastic efforts of its management, staff and consultants and takes this opportunity to express its sincere thanks. The establishment in such a short time of a team of nine in Kalgoorlie, utilising the very best of modern technology, is in itself an achievement. Well done.



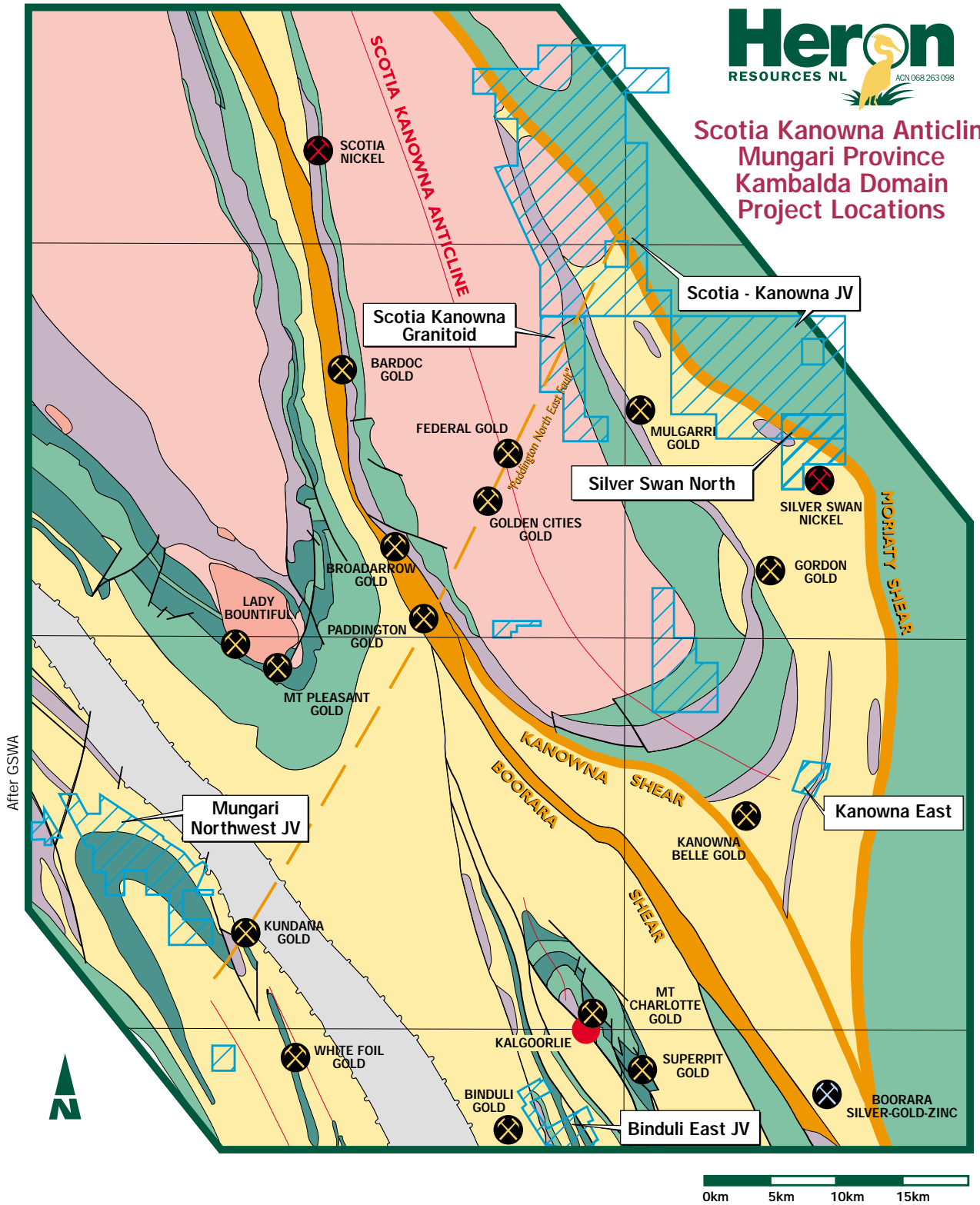
Photo:
Rod Evans,
Chairman

A handwritten signature in black ink, appearing to read 'R M Evans'. The signature is stylized and fluid, with a long horizontal stroke extending to the right.

R M EVANS, Chairman



**Scotia Kanowna Anticline
Mungari Province
Kambalda Domain
Project Locations**



2.0 Operations Review (Continued)

Introduction

As outlined in the Chairman's Review, the first year following listing has proven to be a period of intense activity for the Company. There has been an exploration philosophy adopted whereby the Company seeks acquisition opportunities within very specific provinces with documented komatiite nickel occurrences, or 1 million oz gold resources. Any ground identified within these provinces with defined targets is pegged. This has led to the Company controlling a substantial tenement portfolio, which is amongst the largest for an Eastern Goldfields junior explorer. Farm out has become a significant means of managing the portfolio.

Heron's 1998 exploration budget is \$1.5 million. An additional \$1.0 million per annum is committed by Heron's joint venture partners. On this note, our partners during the year have been exceptional in the quality of their work and willing co-operation. We express our sincere thanks for their contribution, which helps to build Heron's asset base.

We very much appreciate the assistance so freely given by the pastoralists on whose leases we work. These pastoral stations have a very strong landcare ethic, which Heron respects at all times.

Heron, as with all Australian mineral explorers, is working within the framework of Native Title. The Company is committed to a policy of cultural respect and negotiation with the Aboriginal custodians of the land. To the claimants of this land and the National Native Title Tribunal, we express our sincere appreciation for their patient negotiation and mediation. It will be a long process, but Heron is committed to fair and equitable outcomes.

The following review is presented purely in terms of exploration provinces, and does not reflect the perceived prospectivity ranking of a given area.

2.1 Scotia Kanowna Province

2.1.1 Scotia Kanowna Joint Venture Project

*Heron 100%. MPI-Outokumpu right to earn 75% through spending \$1.5m.
Nickel (- gold).*

The 284km² project area is located 23 - 73km NNE of Kalgoorlie, on the eastern flank of the Scotia Kanowna Dome.

During the year, Joint Venture operator MPI completed geological reconnaissance, open file compilations and stratigraphic Aircore drilling over aeromagnetic targets.

At the E27/145 Gindalbie Prospect, komatiites were intersected with basal orthocumulates. Analytical results are awaited. The tenement was BLEG sampled for gold and assays are pending.

At the E27/123 Black Swan North Prospect, MPI completed 63 Aircore holes for 3240m, with average hole depth of 51.4m. No ultramafic lithologies were intersected. Magnetic susceptibility logging of drill chips confirms surficial laterite is magnetic, but deeper bedrock is non-magnetic.

With respect to gold exploration, a significant soil gold target is present at the E27/169 Scotia East Prospect. A soil geochemical survey by a previous tenement holder defined an anomaly of 10 - 72ppb Au against a 2ppb Au background. The anomaly at a 10ppb Au threshold covers an area of 1.0 x 0.5km, localised on granitoid. In view of the recent granitoid gold discoveries to the immediate west at Federal and Golden Cities, the Scotia East gold target warrants detailed follow up.



*Photo:
Ian Buchhorn,
Managing Director*

2.0 Operations Review (Continued)

2.1.2 Silver Swan North Project

Heron 100%.

Nickel - gold

The 6km² project area adjoins the Scotia Kanowna Joint Venture area, and is located 47km NNE of Kalgoorlie.

Detailed helimag was acquired, which defined various aeromagnetic targets. A bedrock conductor was located by ground EM surveying, coincident with the main aeromagnetic target. The target has a 700m strike length, and the top of the conductor was interpreted to occur at 50m depth.

Aircore reconnaissance drilling of the magnetic and ground EM targets was completed (SNAC 1 - 42, 3101m, average depth 73.83m).

Peak 4m base metal values were 622ppm Ni, 1146ppm Co, 1188ppm Zn and 542ppm Cu. The nickel assays indicate the presence of dolerite and high Mg basalt. Cobalt values are particularly elevated.

Peak 4m gold value was 0.2g/t, with 0.29% As. Arsenic exceeds 500ppm over significant widths in several holes. Based on current structural interpretations, Silver Swan North appears to be a favourable gold target. Follow up drilling is planned.

It does not appear that the Silver Swan komatiite unit occurs at Silver Swan North. Aeromagnetic targets appear to be intrusive dolerite, rather than komatiite.

2.1.3 Scotia Kanowna Granitoid Project

Heron 100%.

Gold.

The 33km² project area adjoins the Scotia Kanowna Joint Venture area, and is located 47km N of Kalgoorlie. The strike extension of the northeast trending mineralised corridor that hosts the AMX Golden Cities and Centaur Federal granitoid - hosted gold discoveries is covered by Heron tenement application E24/97.

At King of the West, soil gold geochemistry located low order anomalies. In-fill sampling is planned.

2.1.4 Menzies East Joint Venture Project

Heron 100%. Golden State Resources right to earn 60% through spending \$0.25m.

Gold - nickel.

The 8.4km² project area is located 112km NNW of Kalgoorlie, on the western flank of the Scotia Kanowna Dome. The targets are 9km SSE along strike from the Granny Venn gold discovery.

Golden State have recently announced very encouraging gold intersections at Merrey Well to the north of the joint venture area. The Menzies East Joint Venture project is located 5km SSE along strike from this new discovery.

Prior to farmout, Heron completed aeromagnetic and DEMS acquisition, reconnaissance sampling and target generation. Two anomalous soil geochemical zones exceeding 1.0km strike length were identified:

- Spion Kop South, 10 - 57ppb soil Au associated with ultramafic host rock, coincident with an aeromagnetic interpreted shear zone. A stratiform gossan horizon assays 0.28g/t Au.
- Queens Birthday, soil geochemistry 10 - 29ppb Au associated with altered tremolite zones in basalt. Mullock from old prospecting pits assays up to 3.2g/t Au.

Joint venture operator Golden State have completed data compilation and mapping of a large number of old workings in preparation for drilling.



2.0 Operations Review (Continued)

2.1.5 Kanowna East Project

Heron 100%.

Gold - nickel.

The project area is located 2km E of Kanowna, in an area that has seen intense gold mining activity. Previous RAB drilling had defined a 100 - 5300ppb Au bedrock anomaly over a 2km strike length, with potential for a bulk tonnage system. Previous drill intersections within the target zone included 2m at 1.07g/t Au, 4m at 5.3g/t Au, 2m at 4.25g/t Au and 2m at 1.01g/t Au. The host rock is intensely carbonate-pyrite-silica altered ultramafic and felsic volcaniclastic.

Anomalous intersections in the Heron drilling (KERC1-10, 1289m, average depth 128.9m) were:

Hole No.	Depth (m)	Interval (m)	Grade g/t Au
KERC 1	102 - 104	2.0	0.40
	136 - 138	2.0	0.53
	141 - 143	2.0	1.69
KERC 4	60 - 66	6.0	1.05
KERC 6	81 - 83	2.0	1.53
KERC 7	66 - 101	35.0	0.51
KERC 8	80 - 82	2.0	0.53
	120 - 125	5.0	1.21
KERC 9	57 - 60	3.0	1.05
KERC 10	78 - 81	3.0	0.96

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The alteration system in KERC 7 in particular warrants drill follow up.

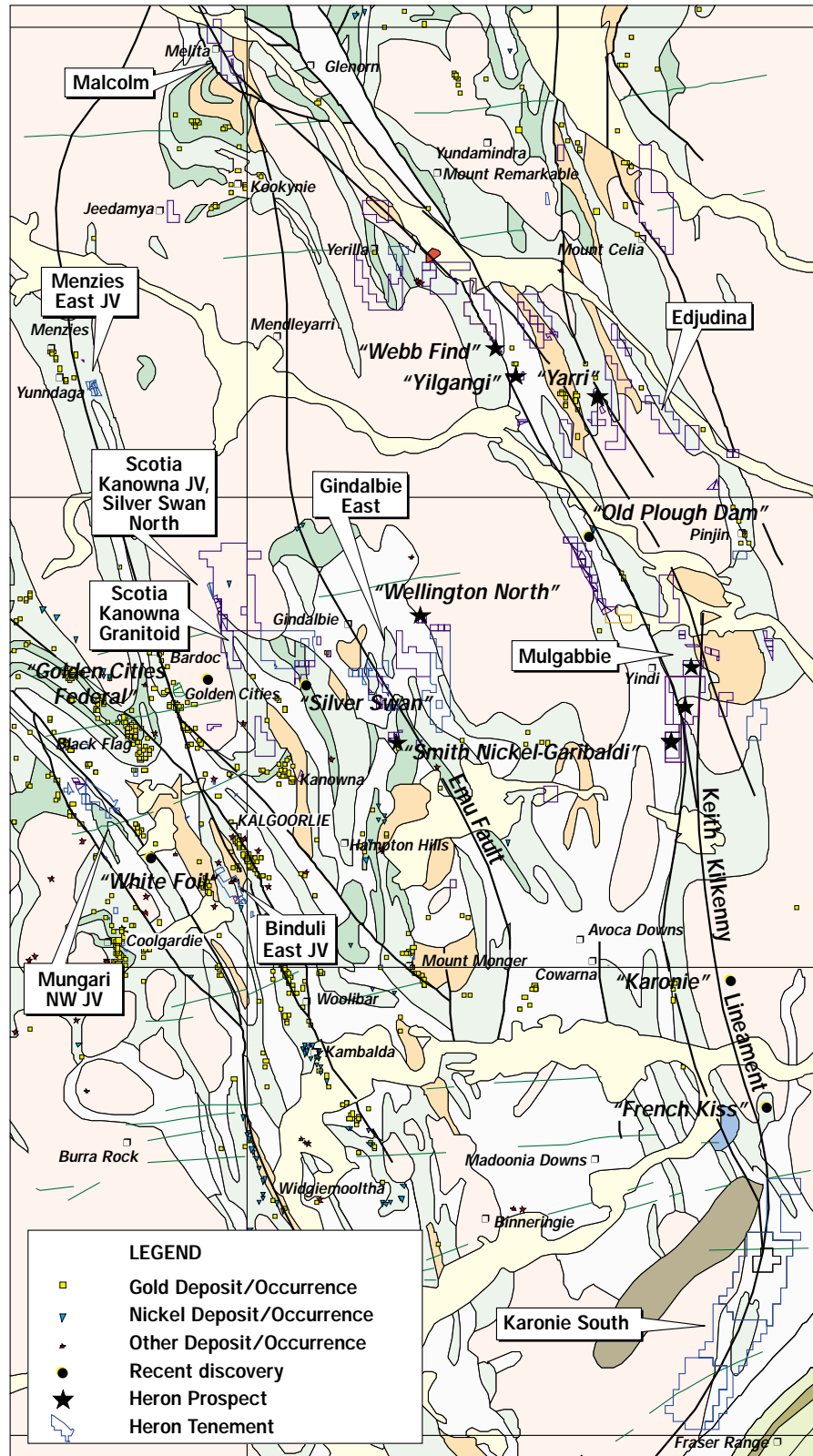
The Heron drilling intersected bedrock nickel anomalies within an ultramafic geological setting comparable to that of the Silver Swan nickel mine. Multi-element geochemistry on ultramafic drill chips has been done in order to further evaluate the nickel potential.



Photo opposite:
Ian Buchhorn,
Alan Rudd
(Senior Geologist),
Dave Crook.

Photo:
RC drilling at
Kanowna East.

2.0 Operations Review (Continued)



KEY PROJECTS:
Gindalbie East, Edjudina and Mulgabbie, with other Kalgoorlie - centred projects

2.0 Operations Review (Continued)

2.2 Keith Kilkenny Province

2.2.1 Edjudina Project

Heron 100%.

Gold - nickel.

The 632km² project area is located 120 - 150km NE of Kalgoorlie, centred on the Keith Kilkenny and Celia Tectonic Zones.

Regional

A Geographic Information System (GIS) data base has been compiled, consisting of geology, multi-client aeromagnetics, Landsat and mineral occurrences. This data base has assisted Heron's very active tenement acquisition, which is based on selected regional structures. Since listing, the Company has become a major tenement holder between the Porphyry, Edjudina and Yerilla gold mining centres.

Yarri Prospect

Soil geochemical sampling by Heron at the Yarri Prospect outlined a 1.6km strike length anomaly of 40-2860ppb Au against a background of 3ppb Au. The anomaly is centred on the historical Yarri workings, but also includes areas of soil cover adjoining and along strike from the workings.

Compilation of previous drilling from the Yarri Prospect has been completed. A well defined lode envelope is present with a width of 4 - 20m at a 0.4g/t Au cut-off. The mineralised zone on the basis of old workings has a total strike length of 2.5km.

Multiple lodes are present within this zone. Host rock is intensely sheared granitoid. Workings occur on sheeted quartz veins over a horizontal width of 10 - 50m. Heron soil geochemistry indicates good potential for western parallel lode systems.

Previous drill testing of the system has typically consisted of 1 or 2 holes per section, so the full width of workings is invariably untested. At the current level of drilling, no resource estimate is possible. Previous operators have estimated a resource of 0.39 million tonnes at 1.83g/t Au.

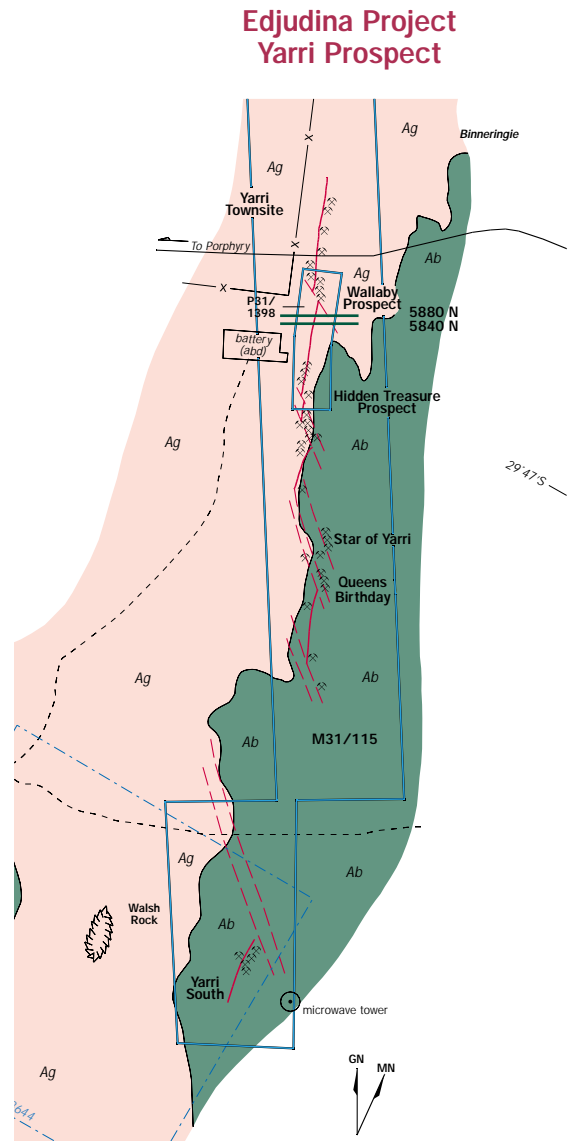
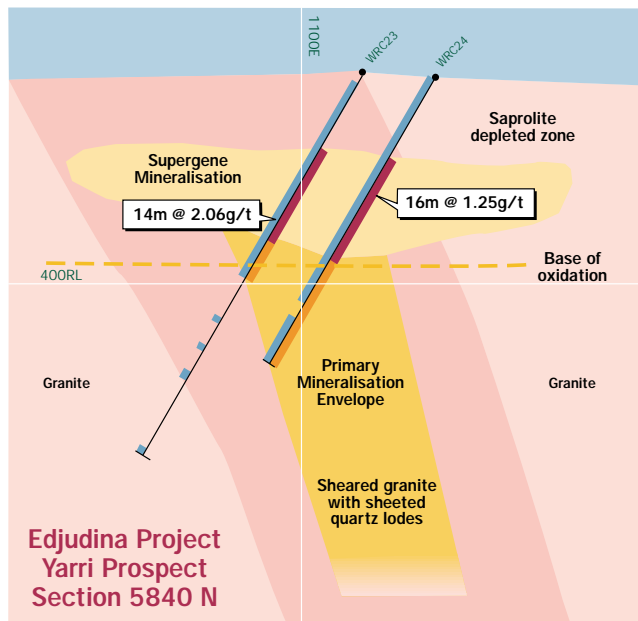
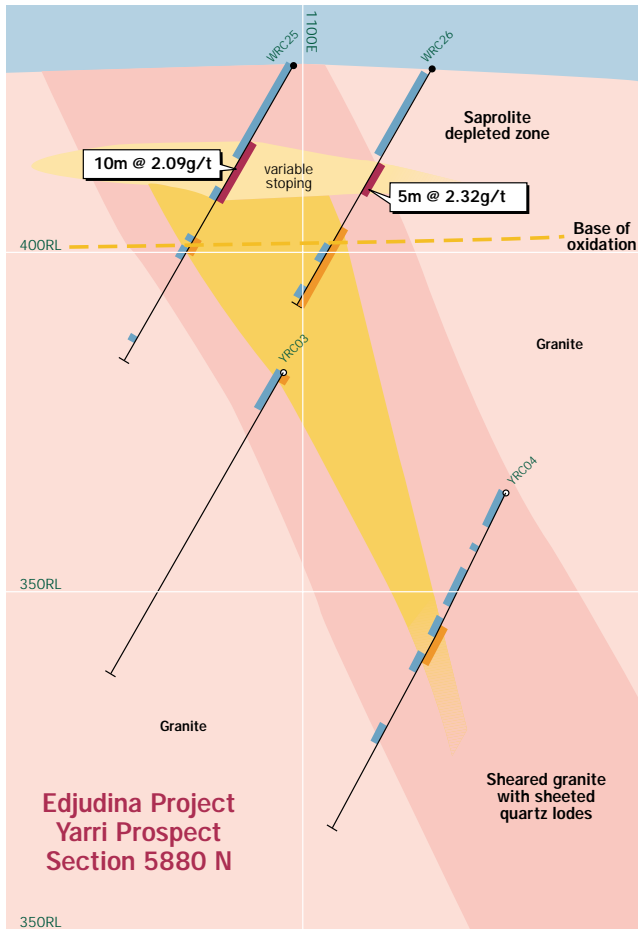
Initial drill evaluation by Heron consisted of blocking out the zone of historical gold workings on a 200 x 40m drilling grid. The aim was to generate geological models, to assist in the interpretation of previous drilling. A total of 14 RC holes were completed, for 1496m at an average depth of 106.9m. Best intersection was YRC5, 34-38m, 4m at 4.39g/t Au.

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Photo:
Eastern Goldfields
rangelands,
Hampton Hill Station.

2.0 Operations Review (Continued)



REFERENCE

- Ag Granitoid
- Ab Mafic volcanic
- Wallaby Line (shear zone)
- Oblique shear zone
- Historic mine shafts and prospects
- Heron Tenements
- Quartz lode
- > 1g/t Au
- 0.5 - 1g/t Au

0 500
METRES

2.0 Operations Review (Continued)

Based on its November 1996 drilling, the Company's exploration target is supergene gold mineralisation hosted by highly sheared and fractured granitoid. The target occurs at shallow depths of 10-30m, and would appear to be amenable to heap leaching.

Current exploration is concentrating on a 400m strike length zone in the northern part of the lode system where the lode envelope is 10-20m wide, and is overlain by a significant supergene blanket.

Webb Find Prospect

Soil geochemical surveying on a 400 x 100m Differential Global Positioning Satellite (DGPS) controlled pattern defined an anomaly of 4.1 - 20.9ppb Au against a 1.3ppb Au background. Old RAB holes located within the anomalous zone and sampled by Heron include intersections of 20m at 1.32g/t Au, 10m at 5.85g/t Au (open) and 11m at 1.99g/t Au (open).

A 20 hole 1320m RC drilling program was completed by Heron following up the previous RAB anomalies. Best results were:

Hole No.	From	To (m)	Interval (g/t Au)	Grade
WFRC 7	5	7	2	6.87
WFRC 9	28	38	10	2.60
WFRC 12	25	37	12	3.80
WFRC 15	28	32	4	2.51
WFRC 20	46	52	6	3.85

The mineralised zone is associated within a steeply dipping, intensely quartz veined black shale horizon.

On the basis of these drilling results, the Company acquired a large tenement holding along strike to the immediate north of Webb Find, associated with the Keith Kilkenny Tectonic Zone. The acquisition is interpreted to be the stratigraphic equivalent of the Old Plough Dam - Khartoum mineralised trend.

Yilgangi Castle Prospect

A program of 720m of RC drilling on two sections 200m apart was completed, to test a 20 - 1425ppb Au soil anomaly. The anomaly is associated with an area of extensive dry blowing.

The best intersection was YCRC 4, 4-8m, 4m at 1.75g/t Au. Host rock is a granitoid porphyry, with a pervasive envelope of 0.1 - 0.4g/t Au.

The Yilgangi Castle granitoid has been confirmed to be mineralised. However, bulk grades are too low to support heap leaching.

Mt Catherine Prospect

Soil geochemical surveying returned anomalies of 47 - 78ppb Au against a 2ppb Au background. Historical gold workings are present within the anomalous zone. In-fill sampling has been completed, prior to drill testing.



Photo: Digitising soil data for the Mt Catherine Prospect, Ray Graham.

Ray typifies Heron's multi-skilling. He designed the soil program, implemented the DGPS sampling including anomaly follow up, and produced the final plans for the report.

2.0 Operations Review (Continued)

Outcamp Bore Prospect

Open file compilations were completed and targets generated.

The main target area is the Hadrian Prospect where up to 5700ppb Au is recorded in previous soil sampling, and 46.8g/t Au in rock chips. Previous RAB drilling has been inconclusive due to the deep weathering of the highly altered country rock. Alteration style and magnetic signature allows comparison with the recent Old Plough Dam gold discoveries.

Rock chip sampling by Heron at the Outcamp Bore South Prospect has generated targets, including 3.37g/t Au, 429ppm Pb and 675ppm Zn associated with old workings in sheared basalt.



Wallbrook Hill Prospect

Ultramafic horizons have been interpreted from Heron's GIS aeromagnetics, Landsat and open file compilations. These targets require assessment for lateritic nickel. The Wallbrook Hill target occurs 20km N of the Lake Rebecca Nickel resource, within the same structural setting.

Of interest, alteration styles at Wallbrook Hill are analogous to the host rocks at the Old Plough Dam gold resources, located 25km S of Wallbrook Hill.

Photo:
Discussing drill logging Mick Maude (Project Geologist) and Ian Buchhorn.

Photo below left:
Setting up DGPS grid, Alan Rudd, Dave Crook and Mark Hassell (Field Technician).

Photo below right:
Chris Hassell, (Field Technician), working in thick bush using a DGPS to locate sampling positions.



2.0 Operations Review (Continued)

2.2.2 Mulgabbie Project

Heron 100%.
Gold - nickel.

The 227km² project area is located 100 - 125km ENE of Kalgoorlie, at the intersection of the Keith Kilkenny and Celia Tectonic Zones.

Regional

A GIS data base was compiled in conjunction with the adjoining Edjudina Project.

Rough Gap Prospect

Systematic 200 x 50m DGPS controlled soil geochemical surveying was completed over the Brampton, Hayman and Whitsunday targets, following up previous Heron reconnaissance soil gold anomalies.

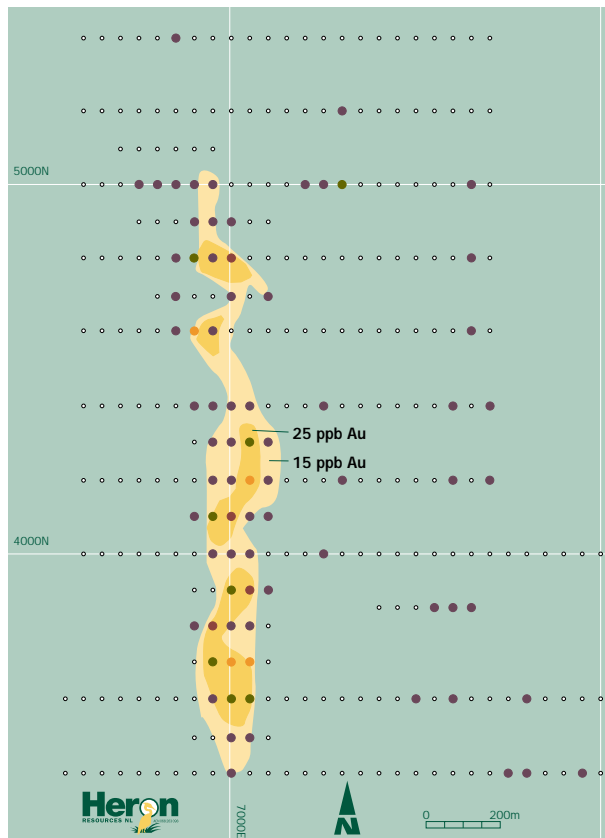
Significant soil geochemical anomalies have been defined by the in-fill sampling, with peaks of 51ppb Au at Brampton, and 91ppb Au at Hayman, and 31ppb Au at Whitsunday.

RAB drill follow up of the geochemical targets has been planned.

Mulgabbie West Prospect

The prospect adjoins and is along strike of the Old Plough Dam - Khartoum mineralised trend, a recently discovered 1 million oz province.

Aeromagnetic interpretation has defined several high priority targets within the Heron tenement area, which are currently being evaluated.



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Above:
MMI Soil Gold
Geochemistry E28/613
Brampton Prospect

Photo:
Garibaldi Prospect,
"GRB 109 Shear Zone",
saddle with associated
gold workings within
otherwise boldly
outcropping basalt, see
Section 2.3.

2.0 Operations Review (Continued)

2.2.3 Karonie South Project

Heron 100%.
Gold - nickel.

The 605km² project area is located 160km SE of Kalgoorlie, at the southern termination of the Keith Kilkenny Tectonic Zone.

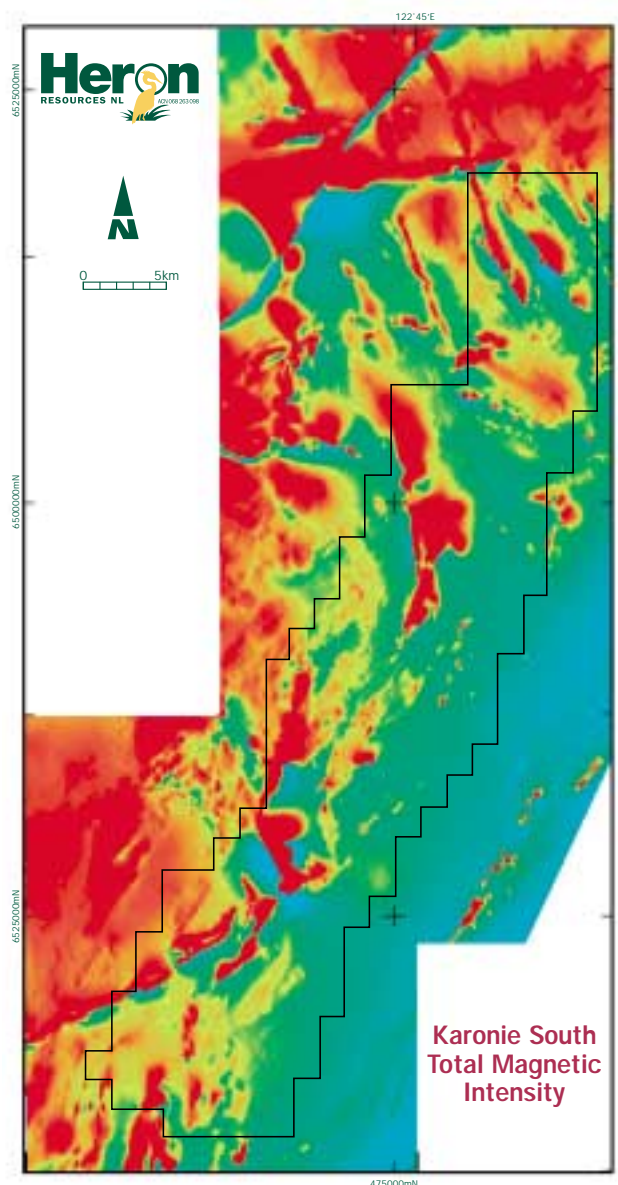
Compilation and interpretation of aeromagnetics, Landsat and geological open file data was completed using a GIS data analysis method.

This study has identified three mineralised target styles.

- Shear-hosted gold, as located by Border Gold NL at their Karonie project. The structures hosting the Karonie deposits can be traced south along strike into the Heron project area.
- BIF-hosted gold of the Randalls style as located 75km NW of Karonie South. Aeromagnetic interpretations of the Heron project area indicate the potential for structurally complex BIF horizons.
- Ultramafic-hosted nickel, which is documented elsewhere in the Karonie greenstone belt. Aeromagnetics indicate potential ultramafic occurrences within the Heron project area.

Six major aeromagnetic target areas have been defined from the GIS compilation, with the potential to host the above target styles. Initial field checking of the targets has commenced.

Border Gold have announced a resource base of 0.48 million oz at their Karonie project, which is immediately north along strike of the Heron project area. Combined with previous production, the Karonie greenstone belt is now a 1 million oz province. Heron's control position in such a prospective greenstone belt is a key strategic asset.



Above:
Total magnetic intensity image, Karonie South. Areas of high intensity (depicted in red linear tones) represent major regional targets, which are DGPS soil sampled as a first pass exploration technique.

Opposite:
Typical style of supergene and primary gold mineralisation, Gindalbie East Project. Previous drilling is very shallow. Heron's exploration has consisted of data reinterpretation followed by deeper RAB drill testing. The next phase of exploration is deep RC drill traverses.

2.0 Operations Review (Continued)

2.3.1 Gindalbie East Project

Heron 100%.

Nickel - gold.

The 200km² project area is located 45-70km NE of Kalgoorlie, straddling the Emu Fault.

Regional

A GIS data base was compiled. This has been the basis of active tenement acquisition within the province.

Garibaldi Prospect

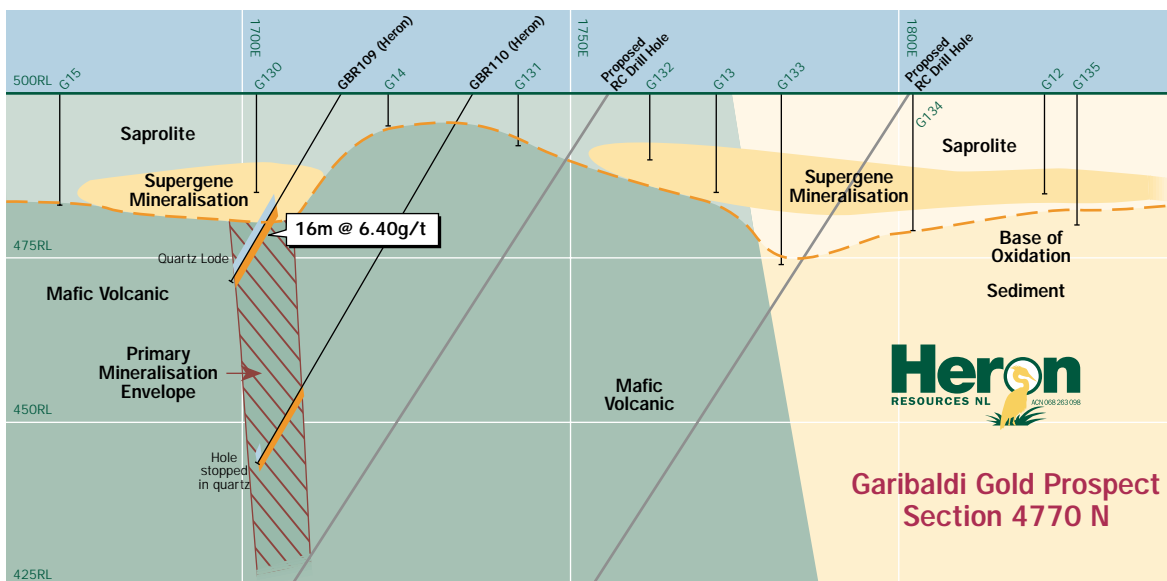
Five separate soil geochemical targets have been defined from Heron sampling, with peaks of 88ppb Au, 270ppb Au, 95.8ppb Au, 134ppb Au and 377ppb Au. Anomaly strike lengths are 0.5 - 1.6km, and widths typically 200m.

Lithological logging of old very shallow RAB holes indicates that an intensely carbonate-altered mafic suite with zones of strong quartz veining is associated with the soil gold anomalies. Previous shallow RAB drilling of the target areas included intersections of 4m at 2.4g/t Au, 3m at 2.1g/t Au, 4m at 2.7g/t Au and 4m at 4.4g/t Au, generally from near surface.

Heron completed an initial 124 hole 6573m bedrock RAB program (average depth 53.0m) to test the main alteration zones within bedrock. Anomalous intersections at a 0.4g/t Au cut-off were:

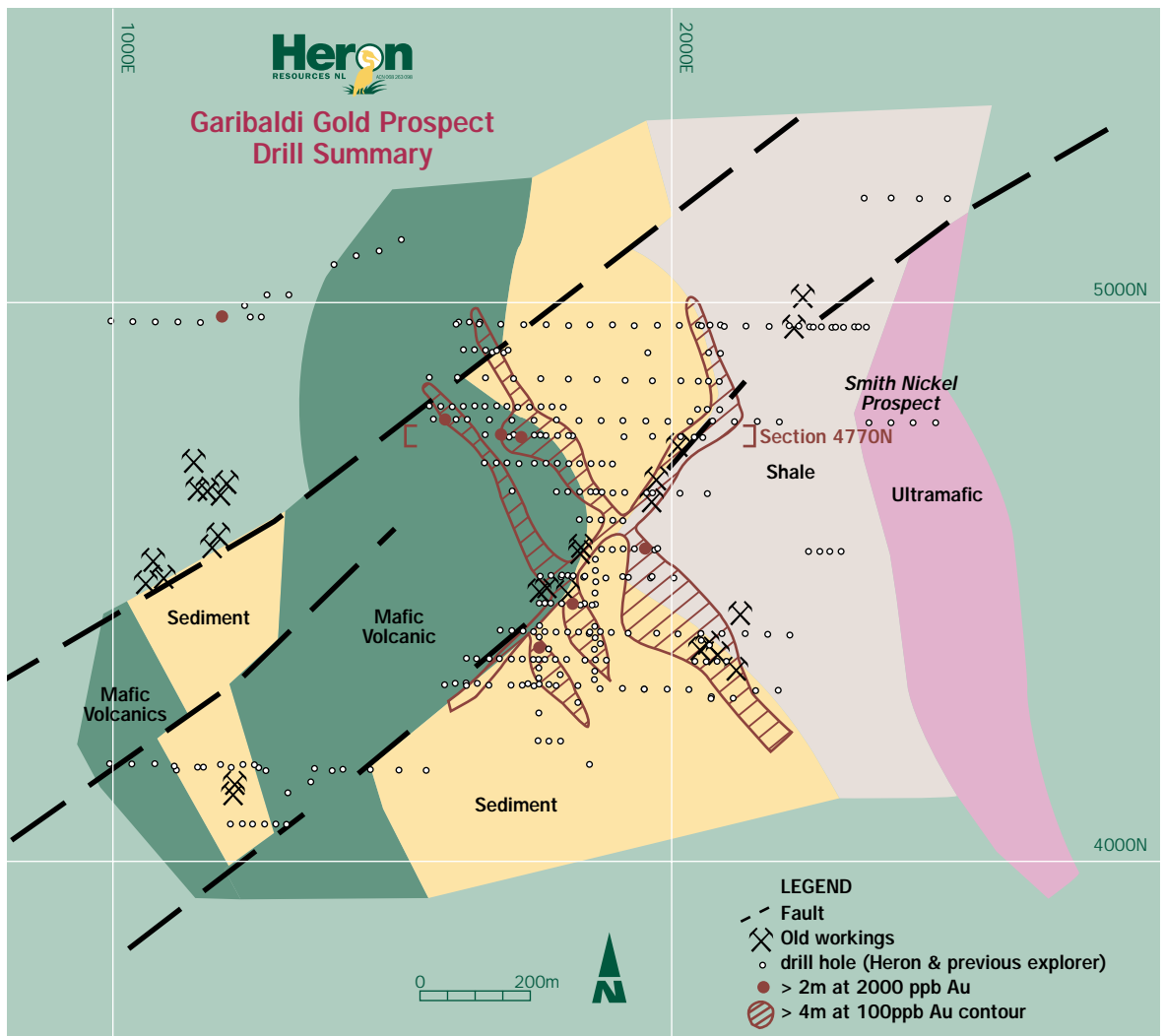
Hole	Depth		Interval (m)	Grade g/t Au
	From	To		
GBR14	44	52	8	0.41
GBR20	0	4	4	1.26
GBR54	36	48	12	0.42
GBR57	28	43	15	1.11
GBR86	24	48	24	0.78
GBR109	16	32	16	6.40
GBR110	52	60	8	0.80

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2.0 Operations Review (Continued)

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2.0 Operations Review (Continued)

Geological controls on mineralisation involving shear-link structures have now been identified. The GBR109 intersection confirms a potentially significant mineralised system. Follow up deep RC drilling is planned.

Garibaldi Smith Nickel Prospect

Heron option for 100%.

Nickel - cobalt - manganese - gold.

In the eastern Garibaldi prospect area, previous sampling has returned up to 2.6% Ni, 1.4% Co and 48% Mn, occurring within lateritised ultramafic. This level of anomalism suggests significant lateritic or saprolitic nickel-cobalt potential, as well as scope for sulphide nickel mineralisation. Heron reconnaissance rock chip sampling has confirmed the anomalous setting.

Accordingly, MMI soil geochemistry was completed, defining a 600 x 100-200m soil Ni anomaly at a 1000ppb Ni threshold. Ground magnetics confirm an ultramafic association for the soil anomaly. Lateritisation is so intense that primary outcrop lithologies are not discernible.

Wellington North Prospect

A komatiite geological setting comparable to that of the Silver Swan nickel mine was identified through regional geological reconnaissance. Detailed MMI soil geochemical surveying of the main komatiite succession was completed.

Coincident MMI nickel and paladium anomalies were defined, which are consistent with those associated with channel flow facies komatiites. Peak values were 10,000 - 15,000ppb Ni and 5.53ppb Pd. Aircore drill testing has commenced. From logging of drill chips, good potential is felt to exist for lateritic nickel occurrences.

Kalpini Prospect

Initial reconnaissance soil geochemistry has been completed across the interpreted Emu Fault position. All aeromagnetic highs are being assessed for their nickel potential. The target area contains ultramafic silica cap, and scope exists for lateritic nickel. With Kalpini and Wellington North, it is apparent that Heron has developed a grass roots exploration concept into a significant nickel play.



*Photo:
Carbonate-altered
basalt exposure,
Garibaldi,
Ian Buchhorn and
Dave Crook.*

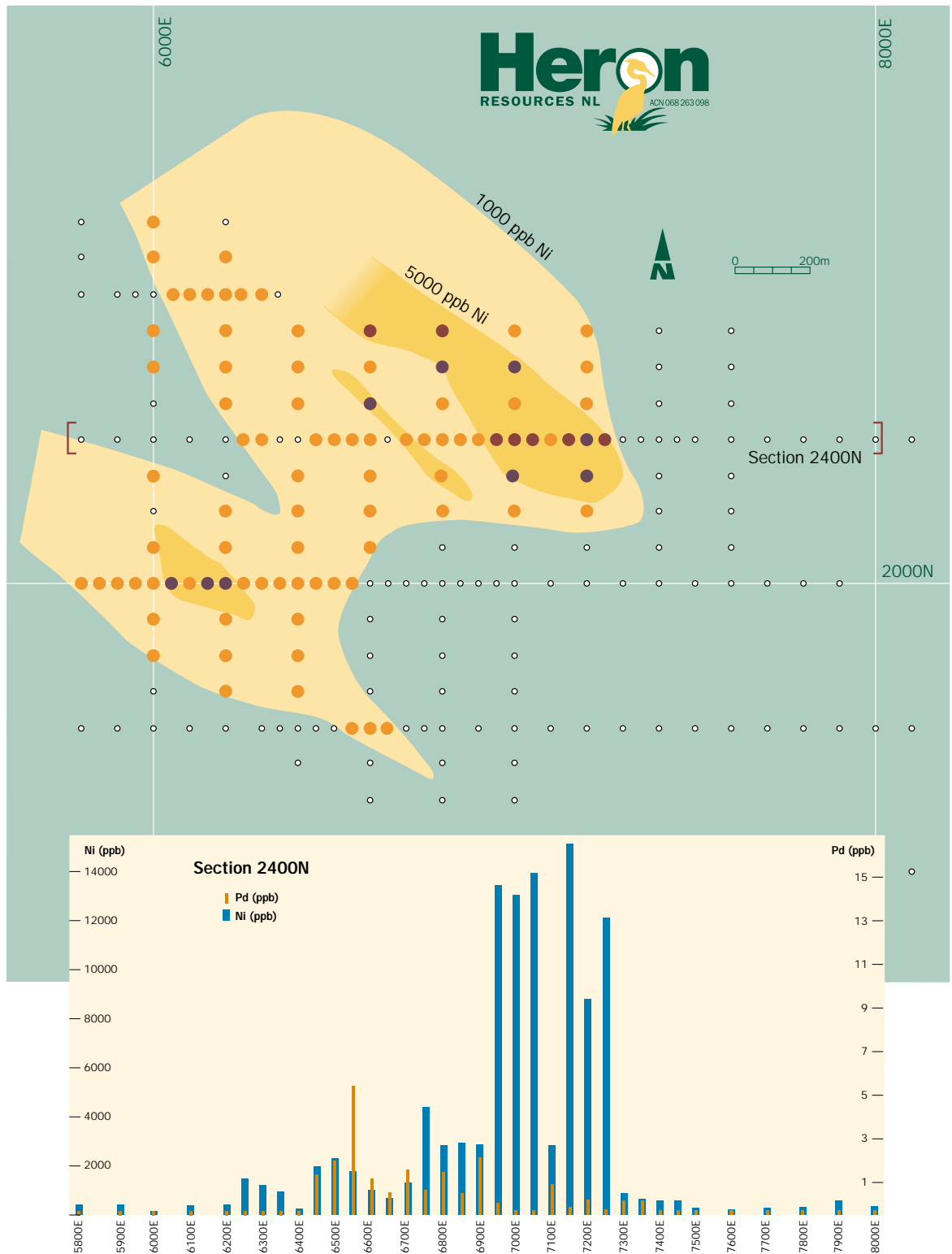
page 17



*Photo opposite:
Laterite ridge with a
nickel-cobalt-
manganese
occurrence, Smith
Nickel Prospect*

*Photo:
Drill rig operating at
Gindalbie East.
Some 30 holes are
present within the
area of the
photograph. Only the
current hole is
visible, reflecting
Heron's rehabilitation
procedures.*

2.0 Operations Review (Continued)



Wellington North Prospect - Ni MMI Soil Geochemistry

2.0 Operations Review (Continued)

GMQ Prospect

The prospect adjoins existing Heron tenements in the Garibaldi area, and was acquired by purchase. The tenement has an area of 126ha, and is immediately northwest along strike of the Mayday gold mining centre. The main target is a soil gold anomaly of 77ppb Au against a 4ppb Au background. In-fill soil geochemistry is planned, prior to RAB drill testing.

Kurnalpi South Prospect

Initial target generation work was completed. The lake-covered area between the Kurnalpi and Rising Sun-Gessners Find gold mining centres is considered highly prospective for palaeochannel gold. Difficulty has been experienced with sampling, due to lake access problems.

2.4 Mungari Province

2.4.1 Mungari Northwest Joint Venture Project

*Heron 100%. Farm-inee right to earn 50% through spending \$3.0m.
Gold.*

The project area consists of 67km² located 35km WNW of Kalgoorlie and 15km NW of Mungari West.

A joint venture proposal has been received and accepted in principle whereby a major local gold producer has the right to earn a 50% interest in the project. Formal joint venture documentation is being finalised. A very aggressive exploration program is envisaged, involving a \$250,000 expenditure in the first six months.

The geological setting is entirely comparable to that of the Mines and Resources Australia Pty Ltd - Mineral Commodities NL recent White Foil gold discovery at Mungari West. At both White Foil and Mungari Northwest, the favourable geological setting appears to be gabbroic units occurring between the Zuleika Shear Zone in the east and Kunanulling Shear Zone in the west.

The Company has compiled a GIS technical data base, as a means of generating exploration targets. Significant soil geochemical targets have been identified from this study, including one zone of 2.5 x 0.3km at a 10ppb Au threshold. A high resolution aeromagnetic survey has been commissioned, to identify structures comparable to those hosting the White Foil mineralisation.

2.5 Leonora Laverton Province

2.5.1 Laverton Joint Venture Project

*Heron 100%. Metex right to earn 70% through spending \$0.5m.
Gold - nickel.*

The 33km² joint venture project area is located 240km NNE of Kalgoorlie and 17km SW of Laverton, surrounding the historical Hawks Nest gold mining centre. The Windarra nickel mines are located 20km N along strike.

Aeromagnetic and geological compilations have been completed. The tenement is predominantly soil covered. The regional aeromagnetism indicates that the underlying ultramafic rocks are probably the strike extensions of the package hosting the Beasley Creek gold deposit. Vacuum drilling has commenced. Results are awaited.



*Photo:
Kent Gardner
(Data Manager)
and Alan Rudd
interpreting data
from the
Mungari Northwest
GIS compilation.*

*Kent manages the
Heron computer
system.*

2.0 Operations Review (Continued)

2.5.2 Mount Morgans Joint Venture Project

Heron 100%. Metex right to earn 70% through spending \$0.2m.

Gold - nickel.

The project area is located 220km NNE of Kalgoorlie. The main prospects are 5km NW along strike from the Mount Morgans gold mining centre, and immediately east of the Murrin Murrin - Central Bore lateritic nickel project.

Aeromagnetic and geological compilations have been completed, and vacuum drilling commenced. Results are awaited.

2.5.3 Malcolm Project

Heron 100%.

Gold - nickel.

The 60km² project area is located 190km N of Kalgoorlie, and 20km SE of Leonora, within an area of extensive old workings.

Regional

Acquisition of aeromagnetics and open file compilations were completed. Soil geochemical surveys have commenced on targets defined by the initial open file interpretations.

Malcolm North Prospect

A project area covering 26.9km² was pegged between Malcolm and Leonora. The tenements cover the NE margin of the Keith Kilkenny Tectonic Zone. Gold mining centres in the area include the adjoining Prospero prospect, the Sundat mine to the immediate south, Sons of Gwalia to the west, and Raeside prospect to the southwest. Several soil geochemical target zones have been defined within Heron's tenements.

Morapoi Prospect

Soil geochemical surveying has defined low order anomalies of 10-39ppb Au against 1ppb Au background, associated with a basalt - chert - felsic volcanic sequence. Follow up is planned.

2.5.4 Victory Project

Heron 100%.

Gold - nickel.

The 32km² project area is located 290km NNW of Kalgoorlie, adjoining the Victory and Bannockburn gold mining centres. Komatiites in the project area are prospective for nickel, being part of the Mt Keith ultramafic belt.

Additional Exploration Licences have been pegged, targeting structural and geochemical targets south along strike from the Mt McClure gold mining centre.

2.6 Menzies Leonora Province

2.6.1 Menzies Leonora Project

Heron 100%.

Nickel - gold - diamonds.

Exploration Licence applications at Union Jack Well 200km NNW of Kalgoorlie and Lawrence Find 150km NW of Kalgoorlie are awaiting grant. Total project area is 235km²

The region north of Menzies and west of Leonora is currently subject to very active diamond exploration, with various kimberlite intrusives undergoing evaluation. Heron has however acquired its projects on the basis of nickel and gold targets.

The Lawrence Find project area covers the historical Lawrence Find gold mining centre. There are significant ultramafic occurrences in the project area which require assessment for lateritic nickel.

2.0 Operations Review (Continued)

2.7 Ida Fault Province

2.7.1 Snake Hill Joint Venture Project

Heron 100%. Connemara right to earn 70% through spending \$0.3m.
Gold - nickel.

The 22km² project area is located on the Ida Fault 60km N of the Davyhurst gold mining centre. There is both gold and nickel potential, with the Elsie May gold mine to the immediate north, and Riverina gold mine to the immediate south. The project area adjoins and is south along strike from the recently announced Mt Kersey Mining NL Four Corners and Cullens lateritic and sulphide nickel prospects.

Aeromagnetics have been acquired as a means of defining target areas. Initial regional 500 x 500m soil geochemical surveying has outlined a promising 400 - 700ppm Ni anomaly, and a number of low order gold anomalies. The next phase of exploration will include in-fill sampling and RAB drilling.

2.7.2 Blister Dam Joint Venture Project

Heron 100%. Farm-inee right to earn 70% through spending \$0.25m.
Gold.

The 28km² project area is located 100km NW of Kalgoorlie, on the Zuleika Shear Zone. The area consists of pervasive sand cover between the Hawkins Find and Chadwin gold mining centres.

Soil geochemical sampling was completed, defining an anomalous zone with up to 21ppb Au. Detailed followed up work has commenced.

A joint venture proposal has been received and accepted in principle whereby a major explorer has the right to earn a 70% interest in the project.

2.7.3 Bullabulling Project

Heron 100%.
Nickel - gold.

Applications were lodged over a greenstone succession at Bullabulling, 60km WSW of Kalgoorlie. The area consists of pervasive soil cover, and has previously been inferred to be granite subcrop. Aeromagnetic interpretations however indicate the presence of ultramafic, with probable thrust repetitions. The proximity to a major crustal structure (Ida Fault), inferred ultramafic, and known nickel occurrences in the area (Nepean, Bouchers and Miriam) suggests good nickel prospectivity.

The tenement applications are pending, so field work has not yet commenced.



Photo:
Interpreting lode horizons,
Ida Fault Project,
Alan Rudd.

page 21



Photo:
Dave Crook and
Ian Buchhorn studying
aeromagnetic data.

2.0 Operations Review (Continued)

2.8 Norseman Province

2.8.1 Dundas Lake Project

Heron 100%.

Gold - uranium.

The project area covering 24km² is located 20km SSE of Norseman, adjacent to the Red White and Blue - Mt Henry - Scotia gold lode trend.

The project area is lake covered. The exploration concept is palaeochannels adjacent to the outcropping gold mines, which occur both along strike to the north and south, and across strike to the west. Aeromagnetics indicate greenstone intruded by late tectonic granitoid. The geological setting is interpreted to be comparable to that of the Lady Bountiful Extended palaeochannel gold occurrences.

Exploration will consist of pattern Aircore drilling of the lake area, with possible seismic surveying to locate channel occurrences. Open file compilation of previous uranium exploration data is current.

The target Tertiary-aged palaeochannels can potentially host gold, as well as "roll-front" style uranium mineralisation.

2.9 Kambalda Domain Province

2.9.1 Binduli East Joint Venture Project

Heron 100%. Farm-inee right to earn 70% through spending \$0.75m.

Gold - nickel.

This 16km² contiguous tenement holding straddling the Abattoir Shear is located 5km SW of Kalgoorlie.

The project area is south along strike from the Janet Ivy gold resource, with the Binduli mining centre at the western project boundary, and KCGM Superpit to the east.

The main target concept is dolerite - hosted gold mineralisation associated with fault splays from the Abattoir Shear. Reconnaissance rock chip sampling of dolerite workings has returned 1.1 - 6.9g/t Au. The Abattoir Shear Zone has a 140 - 2650ppm As rock chip anomaly. Scope may also exist for lateritic nickel, since the Abattoir Shear is characterised by an ultramafic association.

A joint venture proposal has been received and accepted in principle whereby a major explorer has the right to earn a 70% interest in the project.



2.10 Southern Cross Province

2.10.1 Bungalbin Project

Heron 100%.

Iron ore - gold - nickel.

The 106km² project area is located 100km NNE of Southern Cross, and is east along strike from the Marda gold mining centre, within an area of pervasive laterite cover. The principal host for gold mineralisation in the region is banded iron formation (BIF).

The project area includes an iron ore resource in BIF estimated by previous explorers to be 66.8mt at 58.5% Fe and 0.13% P. The total BIF strike extent within the project area is 20km. The region is a significant iron ore producer, with the Koolyanobbing operation.

2.0 Operations Review (Continued)

2.11 Gawler Craton Province

2.11.1 G2 Joint Venture Project

Heron 100%. Crest right to earn 70% through spending \$4.0m.

Gold - copper - uranium - diamonds.

The G2 Joint Venture Project is located in the Port Pirie area on the south east margin of the Gawler Craton in South Australia. The project area consists of 2668km² held under two granted Exploration Licences.

The tenements are prospective for Olympic Dam, Moonta or Ernest Henry type gold-copper-uranium mineralisation, diamond bearing kimberlite pipes, and diamond placer deposits. The G2 project area is situated at the junction of the major G2 structural corridor extending NW-SE across the Gawler Craton, and the E-W trending Polda Trough. The G2 structure has been interpreted as a major ore forming crustal structure, localising the world class Olympic Dam copper-gold-uranium mine.

The potential for Olympic Dam or Ernest Henry type ore bodies in the project area is indicated by previous stratigraphic drilling. This encountered indications of major mineralising systems, notably haematitic breccias and host rock alteration in the Port Broughton area. A series of 20 vertical holes were drilled by North Broken Hill Ltd between 1978 and 1981 in a 400km² area of coincident magnetic and gravimetric anomalism. In nine holes spread over a 20 x 7km area, highly anomalous copper, zinc, gold and uranium were intersected in Gawler Craton basement rocks and overlying Adelaidean Proterozoic sequences. The best intercepts included 7.3m at 0.85% Cu, 3.2m at 0.3g/t Au, and uranium values up to 250g/t. These results are highly significant and indicative of a major regional mineralising system. Higher values were:

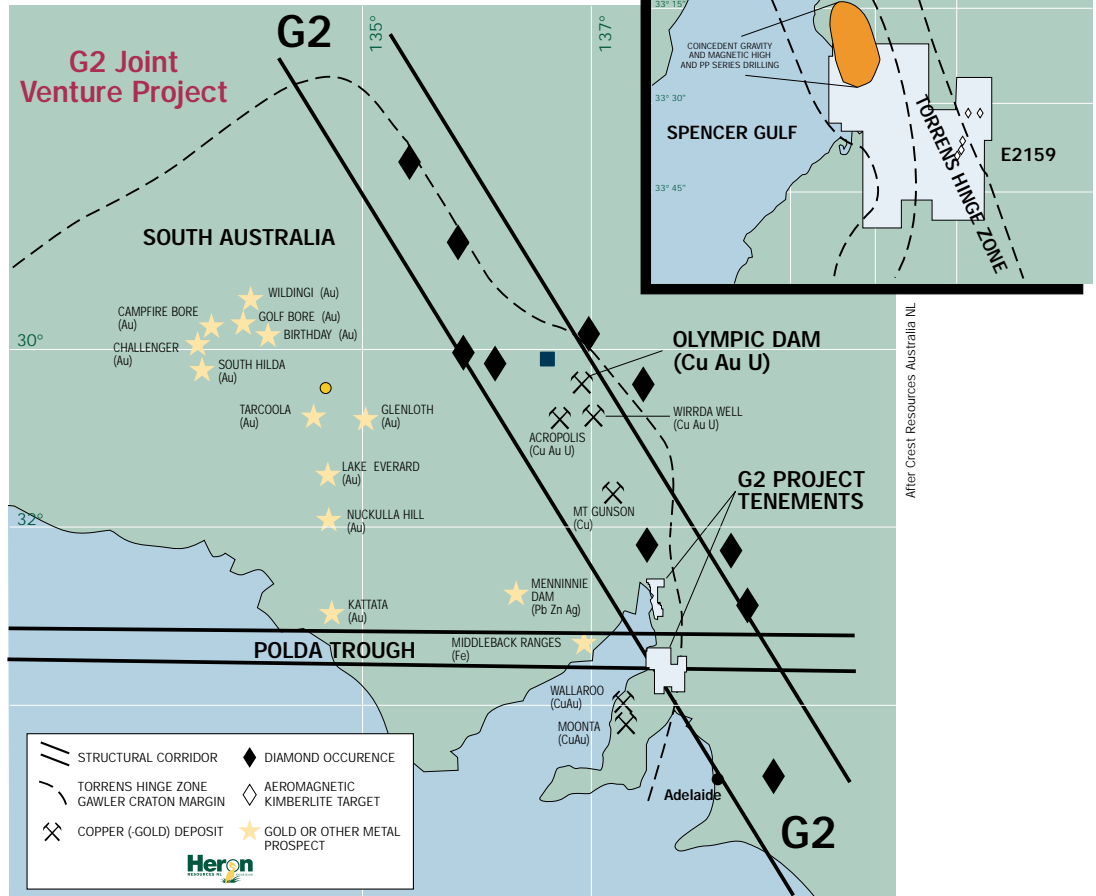
Hole	Depth From	Depth To	Interval (m)	Grade
PP2	221.1	251.7	25.6	0.16% Cu
PP3	268.2	271.3	3.1	0.24% Cu
	320.1	323.1	3.1	0.17% Cu
	393.2	396.3	3.1	0.32% Cu
	393.2	397.2	4.0	0.10g/t Au Zn 0.11 to 0.18% U 50 to 250g/t
PP4	421.8	431.0	9.2	0.2% Pb Zn 0.16 to 0.30%
PP5	146.0	150.5	4.5	0.11% Cu
	146.0	152.7	6.7	0.25g/t Au
	218.5	222.2	3.7	0.20% Cu
	229.8	245.3	15.5	0.32% Cu
	296.2	305.5	7.3	0.84% Cu U 25 to 50g/t
PP6	185.9	204.2	18.3	0.15% Cu Zn 0.1 to 0.83%
PP9	150.3	153.5	3.2	0.29g/t Au U 25 to 50g/t
PP10	173.4	182.0	8.6	0.16g/t Au
	344.7	361.2	16.5	0.1% Cu
PP15	780.3	783.0	2.7	0.17% Pb

Interpretation by Heron of aeromagnetic data indicates a series of five "bulls eye" magnetic highs consistent with either kimberlitic pipes or other discrete intrusive bodies. These are located on the margin of the possibly diapirically emplaced Yackamurundie Inlier. Brecciation and hydrothermal alteration of the inlier sequences indicate the potential for mineralising systems localised around the inlier margin, and hence associated with the discrete aeromagnetic anomalies.

*Photo opposite:
Ethnographic
consultation work
with Geoffrey Stokes,
at Binduli East.
Geoffrey's company,
Yamatji Bitja,
conducts cultural
inductions for Heron
staff.*

2.0 Operations Review (Continued)

Joint Venture operator Crest Resources undertook high resolution low level aeromagnetic surveys covering Port Broughton and the Yackamurundie “bulls eye” anomalies. The aim was to provide information on structural controls for the mineralisation intersected in the Port Broughton drill holes, and to refine the geometry and depth of the Yackamurundie features. Crest reports that imaging and interpretation of the results is in progress, with preliminary results very encouraging.



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As well as kimberlitic diamond potential, scope exists for diamond placers derived from the erosion of high level diamondiferous kimberlites in the Flinders Ranges. The Heron exploration model involves placer deposition from an ancestral west flowing River Murray, with heavy minerals deposited in coastal flats within the western project area. The exploration model is based on the Namaqualand marine diamonds, South Africa.

I J Buchhorn

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.

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3.0 Corporate Profile

Heron Resources NL is a Kalgoorlie-based exploration and mining company. The corporate aim is to become a profitable mining company through the purchase or discovery and development of mineral deposits.

Heron is focused on exploration activities on nickel and gold projects in the Eastern Goldfields of Western Australia.

The Company undertakes cost-effective exploration based on literature reviews, aeromagnetic structural interpretations, regional soil geochemistry, and deep drill testing of targets so generated.

The management of the Company is based in Kalgoorlie. Accordingly, the Company has excellent access to tenement acquisition opportunities, and to specialist contractor services. Administrative overheads are also maintained at lower levels due to the Kalgoorlie base.

The Company is managed and staffed by a team of nine with extensive industry experience.

Objectives

- a) To increase the value of the Company through the acquisition, exploration and development of mineral resources;
- b) To establish mining cash flows to fund future exploration and development activity, and increase the Company's market capitalisation and value to Shareholders; and
- c) To conduct operations in a safe and environmentally responsible manner, to offer employment opportunities to those who live in the exploration province, and to respect and nurture the indigenous culture of the exploration province.

Strategy

- a) Acquire project equity through pegging, optioning or outright purchase;
- b) Focus on cost-effective regional exploration in the Eastern Goldfields of Western Australia;
- c) Location of corporate base in Kalgoorlie;
- d) Active acquisition and testing of new exploration concepts and targets;
- e) Use of best management, technical and financial control techniques; and
- f) Utilise farm outs where appropriate to spread exploration risk (see Note 20, Section 5.0, Financial Statements).

3.0 Corporate Profile (Continued)

Corporate Governance Practices

General

The Company does not have any formally constituted committees of the Board of Directors. The Company is not of a size nor are its affairs of such complexity to justify the formation of separate or special committees. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Composition of the Board

At the date of this statement the Board comprises four Directors, three of whom are non executive Directors. The names, qualifications and relative experience of each Director is included in the Directors' Report, Section 4.0.

The Company's Articles provide that the number of Directors shall not be less than three and not more than nine (Article 19.1). There is no requirement for any share holding qualification although it is preferable that Directors will become significant shareholders. An Employee Option Plan has been established to encourage Directors to take significant shareholdings.

As the Company's activities increase in their size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to supervise adequately the Company's activities determined within the limitations imposed by the Articles and as circumstances demand.

Board Membership

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities and the mining industry, intellectual ability to contribute to the Board's duties and physical ability to undertake the Board's duties and responsibilities.

Under the Company's Articles the tenure of the Directors (other than a Managing Director) is subject to re-appointment by shareholders not later than the third anniversary following their last appointment (Article 19.7). The Board does not subscribe to the principle of a retirement age and there is no maximum period of service as a Director.

Appointment to Other Boards

Directors are required to take into consideration any conflicts when accepting appointment to other boards. Accordingly, Directors wishing to accept appointment to other boards must first seek approval from the Board, approval of which will not unreasonably be withheld.

3.0 Corporate Profile (Continued)

Directors' Remuneration

At the date of this statement the maximum per annum amount payable to directors as Director's fees was set by shareholders at a general meeting on 21 June 1996 at \$100,000. Currently fees are paid at the rate of \$90,000 per annum.

No Director's fees are paid to the Managing Director, who receives a salary approved by the Board.

Independent Support

The Board has determined that individual Directors may in appropriate circumstances engage outside advisers at the Company's expense. The engagement of an outside adviser is subject to the prior approval of the Board and will not unreasonably be withheld.

Compensation Arrangements

The Board is responsible for reviewing compensation arrangements (including superannuation and other benefits) for the Managing Director and other senior executives.

Continuous Review of Corporate Governance

Directors consider on an ongoing basis how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Company. Such information must be sufficient to enable Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions.

The Directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving the value of the net worth of the Company.

4.0 Directors' Report

The Directors submit their report on the operations of the Company for the year ended 30 June 1997 including the accounts for the financial period ended on that date in accordance with a resolution of the Directors of the Company.

Directors

The names and details of the Directors of the Company in office at the date of this report are:

Director Rodney Michael Evans - FCA, FCIS, FCIM, AIArbA

Appointed 26 March 1996

Position Chairman (Non-Executive)

Rod Evans is principal of a chartered accounting and consulting firm and has had wide experience in corporate administration and finance. He is a Director and Chairman of Giants Reef Mining NL and RAC Insurance Pty Ltd, Deputy Chairman of RAC Finance Pty Ltd, and past Chairman of Clark Kenneth Leventhal a world-wide association of accounting firms, the Australian Automobile Association, and a number of publicly listed companies involved in mining and exploration in Australia.

Director Ian James Buchhorn - BSc (Hons), Dip Geosci, MAusIMM

Appointed 17 February 1995

Position Managing Director

Ian Buchhorn has worked on nickel, gold, lead-zinc and diamond projects in southern Africa. In Australia, Mr Buchhorn has worked on bauxite and industrial mineral mining and exploration, gold and base metal project generation and supervision, and in gold mine operation and in corporate evaluations. He has 24 years' experience as an economic geologist, and has provided expert technical advice in benchmark mining litigation cases, systematically monitored and acquired tenements throughout the Eastern Goldfields, commissioned several open cut gold mines, and has been a Registered Mine Manager. Mr Buchhorn is responsible for the day to day technical management of the Company.

Director Robert George Colville - AssocRMIT, MAusIMM

Appointed 09 December 1996

Position Director

Bob Colville has over 25 years' exploration experience predominantly within the Eastern Goldfields of Western Australia. He has held a number of senior and executive positions with both major companies and junior explorers. He has been associated with the discovery and development of mines at Ranger Uranium (NT), and New Celebration, Goongarrie and Davyhurst (Eastern Goldfields WA). Mr Colville is an executive director of Barmenco Pty Ltd, the largest private underground mining contractor in Australia.

Director Glenn James Beresford Porter - B Juris, LLB

Appointed 09 March 1996

Position Director

Glenn Porter is a solicitor practising primarily in the areas of mining, commercial and corporate law. Mr Porter has a broad range of commercial and professional experience in both Australia and overseas. His specific contribution to the Company is in mining law.

4.0 Directors' Report (Continued)

Directors' Interest in Contracts with the Company

There are no material contracts involving Directors' interests at the end of the financial year nor have any been entered into since the end of the previous financial year not otherwise disclosed in this report.

Principal Activities

The principal activities of the Company during the year were exploration for nickel and gold deposits and joint venturing with other mining companies to explore for mineral deposits. There has been no significant change in the nature of these activities during the year.

Operating Results

The operating loss of the Company for the 1997 financial year after income tax was \$282,930 (1996 : \$252,898).

Dividends

The Directors recommended that no dividend be paid for the current year.

Operations Review

The review of operations of the Company for the year are discussed in Section 2.0 of this report.

Significant Changes in the State of Affairs

During the year the Company raised \$8,000,000 by issuing 32,000,000 Shares to the public pursuant to a prospectus, and successfully listed on Australian Stock Exchange Limited.

Matters Subsequent to the end of the Financial Year

At the date of this report there is no other matter or circumstance which has arisen since 30 June 1997 that has significantly affected or may significantly affect:

- a) The operations, in financial years subsequent to 30 June 1997, of the Company;
- b) The results of those operations; or
- c) The state of affairs, in financial years subsequent to 30 June 1997, of the Company.

Shares

The Company during the current year issued 32,000,000 Shares pursuant to a prospectus.

Options

As at 30 June 1997 there were on issue 10,000,000 options exercisable on or before 30 June 2000 at \$0.25. A further 285,000 options have been issued to staff subsequent to 30 June 1997 pursuant to the Company's Employee Option Plan.

4.0 Directors' Report (Continued)

Employee Option Plan

It is proposed under the Company's Employee Option Plan to issue options to the Directors; to RM Evans or nominee 200,000 options, to RG Colville or nominee 150,000 options, to GJB Porter or nominee 150,000 options and to IJ Buchhorn or nominee 100,000 options. These options are exercisable within 4 years of the date of issue at 25 cents per share. The options are to be issued free and the option exercise price is not related to the market price of the Company's shares. This resolution is to be considered at the Annual General Meeting of the Company.

Pursuant to a Resolution of Directors, 285,000 Employee Options were issued to staff subsequent to 30 June 1997.

Likely Developments

The Company will continue its core nickel and gold exploration activities through sole funded exploration and joint venture.

The Company is continually assessing commercial opportunities for corporate growth. Because of the unpredictable nature of these opportunities, developments could occur at short notice.

No information is included on likely developments in the operations of the Company and the expected results of those operations, as it is the opinion of the Directors that this could prejudice the interests of the Company if included in this report.

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Directors' Benefits

During or since the financial year no Director of the Company has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts, by reason of a contract entered into by the Company or an entity that the Company controlled or a body corporate that was related to the Company when the contract was made or when the Director received, or became entitled to receive, the benefit with:

- a) A Director; or
- b) A firm of which a Director is a member; or
- c) An entity in which a Director has a substantial financial interest,

except for:

- a) Repayment of pre-listing loans of \$417,731 by the Company to IJ Buchhorn and related parties;
- b) Acquisition of mineral tenements from IJ Buchhorn and related entities for an amount of \$167,412, being reimbursement of acquisition expenses;
- c) Secretarial services and office rental have been provided by IJ Buchhorn and related entities on normal commercial terms and conditions;
- d) Fees paid to G Porter & Associates, of which GJB Porter is the principal, for legal advice being on normal commercial terms and conditions; and
- e) Residential accommodation was secured by the Company for an employee from a party related to IJ Buchhorn.

Full details are provided in Note 15 - Related Party Disclosures.

4.0 Directors' Report (Continued)

Directors' Shareholdings in the Company

As at the date of this report the interests of the Directors in the Shares of the Company were:

	Ordinary Shares		Options over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
RM Evans	-	800,000	-	-
IJ Buchhorn	1,199,999	19,301,998	100,000	8,900,000
RG Colville	-	50,000	-	-
GJB Porter	1	30,254	-	-

Directors' Meetings

During the year the Company held 15 meetings of Directors. The attendance of the Directors at meetings of the Board were:

Director	Meetings held while a Director	Number of meetings attended
RM Evans	15	15
IJ Buchhorn	15	15
GJB Porter	15	14
RG Colville	7	7
P Bamford	8	6

Audit Committee

At the date of this report the Company has not formed an Audit Committee. The Directors discuss the Company's activities with the auditors throughout the year. Due to the size and nature of the operations, it has not been considered necessary to form an Audit Committee of the Board of Directors.

Insurance of Officers

During the financial year the Company has paid insurance premiums in respect of a Directors' and Officers' Liability Insurance Contract. The insurance premiums relate to liabilities that may arise from an officer's position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain personal advantage.

The officers covered by the insurance policy are the Directors and the Company Secretary.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Heron Resources NL support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the Corporate Profile (Section 3.0 of this report).

Signed in accordance with a resolution of the Directors.



R M EVANS
Director



I J BUCHHORN
Director

5.0 Financial Statements

Profit and Loss Account

FOR THE YEAR ENDED 30 JUNE 1997

	Notes	1997 \$	1996 \$
OPERATING REVENUE	2(c)	<u>383,630</u>	-
OPERATING PROFIT/(LOSS) BEFORE ABNORMAL ITEMS AND INCOME TAX		113,000	(41,828)
ABNORMAL ITEMS BEFORE INCOME TAX	3	<u>(395,930)</u>	<u>(211,070)</u>
OPERATING LOSS BEFORE INCOME TAX		(282,930)	(252,898)
INCOME TAX ATTRIBUTABLE TO OPERATING LOSS	4	<u>-</u>	<u>-</u>
OPERATING LOSS AFTER INCOME TAX		(282,930)	(252,898)
ACCUMULATED LOSSES at the beginning of the financial year		<u>(264,039)</u>	<u>(11,141)</u>
ACCUMULATED LOSSES at the end of the financial year		<u>(546,969)</u>	<u>(264,039)</u>

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The accompanying notes form part of these financial statements

5.0 Financial Statements (Continued)

Balance Sheet

AT 30 JUNE 1997

	Notes	1997 \$	1996 \$
CURRENT ASSETS			
Cash		5,572,782	830
Receivable	5	9,627	-
TOTAL CURRENT ASSETS		<u>5,582,409</u>	<u>830</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	130,965	-
Other	7	6,984,667	5,764,224
TOTAL NON-CURRENT ASSETS		<u>7,115,632</u>	<u>5,764,224</u>
TOTAL ASSETS		<u>12,698,041</u>	<u>5,765,054</u>
CURRENT LIABILITIES			
Accounts payable	8	32,519	411,361
Borrowings	9	-	417,731
Provisions	10	12,490	-
TOTAL CURRENT LIABILITIES		<u>45,009</u>	<u>829,092</u>
TOTAL LIABILITIES		<u>45,009</u>	<u>829,092</u>
NET ASSETS		<u>12,653,032</u>	<u>4,935,962</u>
SHAREHOLDERS' EQUITY			
Share Capital	11	13,200,001	5,200,001
Accumulated losses		(546,969)	(264,039)
TOTAL SHAREHOLDERS' EQUITY		<u>12,653,032</u>	<u>4,935,962</u>

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The accompanying notes form part of these financial statements

5.0 Financial Statements (Continued)

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 1997

	1997 \$	1996 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	374,003	-
Interest paid	-	(809)
Payment to suppliers	(281,759)	(15,157)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	92,244	(15,966)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(1,389,255)	(378,142)
Acquisition of plant & equipment	(136,714)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(1,525,969)	(378,142)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	8,000,000	200,000
Repayment of (loan)/loan from related party	(417,731)	225,345
Payments for prospectus costs	(576,592)	(30,408)
NET CASH FLOWS FROM FINANCING ACTIVITIES	7,005,677	394,937
NET INCREASE IN CASH HELD	5,571,952	829
Cash at the beginning of the financial year	830	1
CASH AT THE END OF THE FINANCIAL YEAR	<u>5,572,782</u>	<u>830</u>
RECONCILIATION OF OPERATING LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss after income tax	(282,930)	(252,898)
Add/(less)		
Prospectus and share issue costs written off	395,930	30,408
Depreciation	5,749	-
Increase in accrued interest	(9,627)	-
Increase/(decrease) in creditors and accruals	(16,878)	206,524
	<u>92,244</u>	<u>(15,966)</u>

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The accompanying notes form part of these financial statements

5.0 Financial Statements (Continued)

Notes to and Forming Part of the Accounts

FOR THE YEAR ENDED 30 JUNE 1997

Note 1. Statement of Accounting Policies

The financial statements are a general purpose financial report that has been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Law. The financial statements have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial statements.

a) Income Tax

The Company adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of the realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

b) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest.

Accumulated costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, or by its sale, or where the activities in the area have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Accumulated costs are not carried forward in respect of any area of interest unless rights to tenure of that area are current.

c) Investments

Investments are brought to account at cost or at Directors' valuation. The carrying amount of investments is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these investments.

5.0 Financial Statements (Continued)

d) Depreciation

Depreciation is calculated on a straight line or diminishing value basis to write off the net cost of each item of property, plant and equipment over its expected useful life.

e) Interests in Joint Ventures

The Company's share of the assets, liabilities, revenue and expenses of joint ventures are included in the appropriate items of the balance sheet and the profit and loss account.

Details of joint ventures are set out in Note 20.

f) Employee Entitlements

Liabilities for wages and salaries, annual leave and sick leave are recognised and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' service up to that date.

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

g) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

h) Earnings per Share

i) Basic Earnings per Share

Basic earnings per share is determined by dividing the operating profit/(loss) after income tax by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and options and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

5.0 Financial Statements (Continued)

	1997 \$	1996 \$
NOTE 2. OPERATING LOSS		
The operating loss before income tax is arrived at after:		
a) Charging as Expenses:		
Depreciation	5,749	-
b) Crediting as Income:		
Interest received from other persons	383,630	-
c) Operating Revenue:		
Other operating revenue		
Interest received	383,630	-
	<u>383,630</u>	<u>-</u>

NOTE 3. ABNORMAL ITEMS

Included in the operating loss after tax is the following abnormal item:

Prospectus and share issue costs written off (no income tax expense applicable)	395,930	211,070
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NOTE 4. INCOME TAX

Prima facie income tax benefit on operating loss reconciles to the income tax expense as follows:

Operating loss before tax	(282,930)	(252,898)
Prima facie tax at 36%	(101,855)	(91,043)
Non deductible items	150,545	76,021
Timing differences and tax losses not brought to account	-	15,022
Prior year tax losses brought to account	(16,099)	-
Undeducted exploration expenditure brought to account	(32,591)	-
Income tax expense	<u>-</u>	<u>-</u>

The Directors estimate the potential tax losses and undeducted exploration expenditure entitlements available to be \$1,130,000.

The future income tax benefit arising from tax losses has not been recognised as an asset because recovery is not virtually certain.

The tax benefits will only be obtained if:

- i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for losses.

5.0 Financial Statements (Continued)

	1997 \$	1996 \$
NOTE 5. RECEIVABLE (CURRENT)		
Accrued interest	9,627	-
	<u>9,627</u>	<u>-</u>
NOTE 6. PROPERTY PLANT AND EQUIPMENT		
Plant and equipment at cost	34,112	-
Accumulated depreciation	(982)	-
	<u>33,130</u>	<u>-</u>
Office equipment at cost	6,285	-
Accumulated depreciation	(639)	-
	<u>5,646</u>	<u>-</u>
Motor vehicles at cost	96,317	-
Accumulated depreciation	(4,128)	-
	<u>92,189</u>	<u>-</u>
Total property, plant and equipment	<u>130,965</u>	<u>-</u>
NOTE 7. NON-CURRENT ASSETS (OTHER)		
Mining tenement acquisition, exploration and evaluation expenditure		
Balance at beginning of year	5,764,224	61,245
Acquisition costs	190,571	5,484,246
Exploration and evaluation costs incurred during the year	1,029,872	218,733
Balance at end of year	<u>6,984,667</u>	<u>5,764,224</u>
<p>The ultimate recoupment of costs carried forward is dependent upon the successful development and/or commercial exploitation or alternatively, sale of respective areas of interest.</p>		
NOTE 8. ACCOUNTS PAYABLE (CURRENT)		
Trade creditors and accruals	<u>32,519</u>	<u>411,361</u>
NOTE 9. BORROWINGS (CURRENT)		
Amount owing to related party (Note 15)	<u>-</u>	<u>417,731</u>
NOTE 10. PROVISIONS (CURRENT)		
Employee entitlements	<u>12,490</u>	<u>-</u>

5.0 Financial Statements (Continued)

	1997 \$	1996 \$
NOTE 11. SHARE CAPITAL		
Authorised Capital		
400,000,000 ordinary shares of \$0.25 each	100,000,000	100,000,000
Issued Capital		
54,000,000 (1996 22,000,000) ordinary shares of \$0.25 each	13,500,000	5,500,000
Less: Discount on shares	(299,999)	(299,999)
	<u>13,200,001</u>	<u>5,200,001</u>

Movements in issued and paid up capital during the year are as follows:

	1997	
	Number	\$
Balance at beginning of year	22,000,000	5,200,001
Issued pursuant to a prospectus	32,000,000	8,000,000
Balance at end of year	<u>54,000,000</u>	<u>13,200,001</u>

The purpose of the issue to the public was to raise working capital to fund the Company's exploration programs and operating costs.

As at 30 June 1997 there were on issue 10,000,000 options exercisable on or before 30 June 2000 at \$0.25. A further 285,000 options have been issued to staff subsequent to 30 June 1997 under the Company's Employee Option Plan.

NOTE 12. REMUNERATION OF DIRECTORS

Income received, or due and receivable, by Directors

The numbers of Directors whose income was within the specified bands are as follows:

\$0 - \$9,999	-	3
\$10,000 - \$19,999	2	1
\$20,000 - \$29,999	1	-
\$40,000 - \$49,999	1	-
\$110,000 - \$119,999	1	-

NOTE 13. RECONCILIATION OF CASH

Bank overdraft	(320,416)	830
Cash on hand	416,976	-
Commercial bills	5,476,222	-
Closing cash balance	<u>5,572,782</u>	<u>830</u>

NOTE 14. REMUNERATION OF EXECUTIVES

One executive being a Director received remuneration in the range \$110,000 to \$119,999. In the opinion of the Directors, this is considered to be fair and reasonable.

5.0 Financial Statements (Continued)

NOTE 15. RELATED PARTY DISCLOSURES

a) The Directors of the Company during the financial year were:

Rodney Michael Evans	
Ian James Buchhorn	
Glenn James Beresford Porter	
Peter Bamford	<i>Resigned 9 December 1996</i>
Robert George Colville	<i>Appointed 9 December 1996</i>

b) Related party transactions during the period were:

- i) loans of \$417,731 (1996: Nil) repaid to parties related to IJ Buchhorn;
- ii) payment of \$167,412 (1996: Nil) to parties related to IJ Buchhorn for acquisition of mineral tenements, being reimbursements of exploration expenditure;
- iii) amounts paid to parties related to IJ Buchhorn for the provision of secretarial services and office accommodation on normal commercial terms and conditions;
- iv) fees paid for legal work undertaken by G Porter & Associates, of which GJB Porter is the principal, on normal commercial terms and conditions; and
- v) residential accommodation was secured by the Company for an executive employee from a party related to IJ Buchhorn on normal commercial terms and conditions.
- vi) information on remuneration of Directors and Executives of the Company is disclosed in Notes 12 and 14.

c) Transactions of Directors and Director related entities concerning Shares or Share Options were:

- i) Aggregate numbers of Shares and Share Options of the Company held directly, indirectly or beneficially by Directors or Director-related entities at balance date:

	1997	1996
	\$	\$
Ordinary Shares held	21,382,252	21,021,998
Options over Ordinary Shares held	9,000,000	9,000,000

- ii) During the year, Directors and Director related entities acquired 400,254 Shares of the Company which were on the same basis as similar transactions with other shareholders.

NOTE 16. AUDITORS' REMUNERATION

Amounts received or due and receivable by the auditors for:

- audit services	9,658	7,000
- other services	36,592	5,000

NOTE 17. COMMITMENTS FOR EXPENDITURE

Exploration Commitments

In order to maintain current rights of tenure to exploration and mining tenements, the Company has the following discretionary exploration expenditure requirements until expiry of tenements. These obligations, which are subject to renegotiation upon expiry of the tenements, are not provided for in the financial statements and are payable:

Not later than 1 year	1,450,000	1,400,000
Later than 1 year but not later than 2 years	1,450,000	1,400,000
Later than 2 years but not later than 5 years	4,350,000	4,200,000

5.0 Financial Statements (Continued)

NOTE 17. COMMITMENTS FOR EXPENDITURE (continued)

If the Company decides to relinquish certain tenements and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm out of exploration rights to third parties will reduce or extinguish these obligations. Those amounts detailed above do not include expenditure commitments which are the responsibility of joint venture partners (refer Note 20).

NOTE 18. CONTINGENT LIABILITIES

Native title claims have been made with respect to areas which include tenements in which Heron Resources NL has interests. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company or its projects.

NOTE 19. SEGMENT INFORMATION

The Company operates in the mineral exploration industry in Australia.

NOTE 20. JOINT VENTURE AGREEMENTS

The Company has entered into the following joint ventures:

Project	Operator	Right to Earn	Farm-in Expenditure
Scotia Kanowna	MPI-Outokumpu	75%	\$1.50m
Menzies East	Golden State Resources	60%	\$0.25m
Mungari Northwest	Not formally executed ¹	50%	\$3.00m
Laverton	Metex Resources	70%	\$0.50m
Mt Morgans	Metex Resources	70%	\$0.20m
Snake Hill	Connemara Gold Mines	70%	\$0.30m
Blister Dam	Not formally executed ¹	70%	\$0.25m
Binduli East	Not formally executed ¹	70%	\$0.75m
G2	Crest Resources Australia	70%	\$4.00m
			\$10.75m

¹ A Letter Agreement has been executed between Heron and the farm-inee, and formal documentation is in preparation

1997	1996
\$	\$

NOTE 21. EARNINGS PER SHARE

Basic earnings per share	(\$0.006)
Weighted average number of ordinary Shares outstanding during the year used in the calculation of basic earnings per share	50,668,493

As diluted earnings per share is not materially different from basic earnings per share it has not been disclosed.

Earnings per share has not been calculated for 1996 comparison purposes as the Company was not listed on ASX at 30 June 1996.

5.0 Financial Statements (Continued)

Directors' Statement

In accordance with a resolution of the Directors of Heron Resources NL, we state that:

In the opinion of the Directors:

1. the financial statements set out on pages 33 to 42 are drawn up in accordance with Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law and so as to give a true and fair view of:
 - a) the state of affairs as at 30 June 1997 and the result of the Company for the financial year ended on that date; and
 - b) the other matters with which they deal;
2. at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due; and
3. the financial statements have been made out in accordance with applicable Accounting Standards.

On behalf of the Board

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R M EVANS
Director

Perth, 19 September 1997



I J BUCHHORN
Director

Perth, 19 September 1997

6.0 Independent Audit Report

To the members of Heron Resources NL

SCOPE

We have audited the financial statements of Heron Resources NL for the year ended 30 June 1997 as set out on pages 33 to 43 including the Directors' Statement. The Company's Directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of the financial statements in order to express an opinion on them to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements, so as to present a view which is consistent with our understanding of the Company's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial statements of Heron Resources NL are properly drawn up:

- a) so as to give a true and fair view of:
 - i) the state of affairs as at 30 June 1997 and the loss and cash flows of the Company for the financial year ended on that date; and
 - ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in financial statements;
- b) in accordance with the provisions of the Corporations Law; and
- c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.



BUTLER SETTINERI
Chartered Accountants



COLIN BUTLER
Partner

Perth, 19 September 1997

7.0 Shareholder Information

SHAREHOLDER INFORMATION AT 03 SEPTEMBER 1997

a) Distribution of Shareholders:

Size of Holding	Number of Holders	Shares Held
1 - 1000	17	11,867
1001 - 5000	156	579,472
5001 - 10000	347	3,081,734
10001 - 100000	576	19,247,628
100001 -	46	31,079,299
	<u>1142</u>	<u>54,000,000</u>

b) The twenty largest shareholders hold 50.54% of the issued fully paid capital of the Company.

c) Substantial Shareholder who has notified the Company:

Size of Holding	Number of Shares	%
Hazurn Pty Ltd	17,500,000	32.41

d) Distribution of optionholders:

Size of Holding	Number of Holders	Options Held
1 - 1000	-	-
1001 - 5000	-	-
5001 - 10000	2	20,000
10001 - 100000	8	625,000
100001 -	3	9,640,000
	<u>13</u>	<u>10,285,000</u>

e) There were 25 Shareholders who held less than a marketable parcel.

f) The following securities have been classified by ASX as restricted:

- i) 20,000,000 ordinary Shares of 25 cents each fully paid issued to the vendors of mining exploration properties.
- ii) 10,285,000 options exercisable at 25 cents each on or before 30 June 2000, issued to the vendors of mining exploration properties; and
- iii) 1,199,997 ordinary Shares of 25 cents each credited as fully paid issued to seed capital providers and promoters at 10 cents per share.

These securities cease to be restricted on 7 August 1998.

VOTING RIGHTS

In accordance with Article 18.1 of the Company's Articles of Association, voting rights are on the basis of a show of hands, one vote for every registered holder and on a poll, one vote for each share held by registered holders.

7.0 Shareholder Information (Continued)

Twenty Largest Shareholders as at 03 September 1997

	Number of Shares	%
1. Hazurn Pty Ltd	17,500,000	32.41
2. GHK Mining Pty Ltd	1,580,000	2.93
3. Buchhorn PJ	1,489,998	2.76
4. Buchhorn IJ	1,199,999	2.22
5. Bronwen Pty Ltd	800,000	1.48
6. Sundowner International	600,000	1.11
7. Hawke RL	493,333	0.91
8. Leigh BJ	380,000	0.70
9. Allens Business Group Pty Ltd	350,000	0.65
10. Gianni PR	338,586	0.63
11. Falcon Star Holdings Pty Ltd	310,000	0.57
12. Everest WA	300,000	0.56
13. Lee R	295,000	0.55
14. Caliga Pty Ltd	280,000	0.52
15. Swan River Nominee Corporation	264,929	0.49
16. Rocket Investment Pty Ltd	253,000	0.47
17. Fincorp Pty Ltd	250,000	0.46
18. Flaus J and S	206,000	0.38
19. Rakshas Pty Ltd	200,503	0.37
20. Killoran NL	200,000	0.37
TOTAL ISSUED SHARES	<u>27,291,348</u>	<u>50.54%</u>

Option holders as at 03 September 1997

	Number of Options	%
1. Hazurn Pty Ltd	8,750,000	85.08
2. GHK Mining Pty Ltd	740,000	7.19
3. Arancini RJ	150,000	1.46
4. Buchhorn IJ	100,000	0.97
5. Crook JA	100,000	0.97
6. Killoran NL	100,000	0.97
7. Kerr I	86,668	0.84
8. Gianni PR	86,666	0.84
9. Hawke RL	86,666	0.84
10. Dundas Mining Pty Ltd	40,000	0.39
11. Rossetto SE	25,000	0.24
12. Buchhorn PJ	10,000	0.10
13. Graham RE	10,000	0.10
TOTAL ISSUED OPTIONS	<u>10,285,000</u>	<u>100.0%</u>

8.0 Interest In Mining Tenements

Prospect	Geographic Location	Tenement Identifier	Area blocks (EL) ha (ML,PL)	Area km ²	Status	Interest Held
SCOTIA KANOWNA DOME PROVINCE		Scotia Kanowna Joint Venture Project				
Black Swan North	45Km NE of Kalgoorlie	E27/123	7	8.40	G	100% ¹
Gindalbie	50Km NNE of Kalgoorlie	E27/145	34	95.20	G	100% ¹
Kanowna	25Km NNE of Kalgoorlie	E27/166	10	13.30	A	100% ¹
Scotia East	60Km N of Kalgoorlie	E27/169	56	156.80	G	100% ¹
Scotia East	55Km NNW of Kalgoorlie	P24/3459	117.4	1.17	G	100% ¹
Scotia East	55Km NNW of Kalgoorlie	P24/3461	107.8	1.08	G	100% ¹
Scotia East	55Km NNW of Kalgoorlie	P24/3471	167	1.67	G	100% ¹
Scotia East	55Km NNW of Kalgoorlie	P24/3472	152	1.52	G	100% ¹
Scotia East	55Km NNW of Kalgoorlie	P24/3476	195	1.95	G	100% ¹
Scotia East	55Km NNW of Kalgoorlie	P24/3477	153	1.53	G	100% ¹
Scotia East	55Km NNW of Kalgoorlie	P24/3478	166	1.66	G	100% ¹
¹ MPI-Outokumpu right to earn 75%			Subtotal	284.28		
SCOTIA KANOWNA DOME PROVINCE		Silver Swan North Project				
Silver Swan North	47Km NNE of Kalgoorlie	P27/1427	150	1.50	G	100%
Silver Swan North	47Km NNE of Kalgoorlie	P27/1428	150	1.50	G	100%
Silver Swan North	47Km NNE of Kalgoorlie	P27/1429	150	1.50	G	100%
Silver Swan North	47Km NNE of Kalgoorlie	P27/1430	150	1.50	G	100%
			Subtotal	6.00		
SCOTIA KANOWNA DOME PROVINCE		Scotia Kanowna Dome Project				
Mulgarrie North	47Km N of Kalgoorlie	E24/97	11	30.80	A	100%
King of the West	30Km NNW of Kalgoorlie	P24/3404	200	2.00	G	100%
Scotia	68Km NW of Kalgoorlie	P24/3479	28	0.28	G	100%
			Subtotal	33.08		
SCOTIA KANOWNA DOME PROVINCE		Menzies East Joint Venture Project				
Menzies East	112Km NNW of Kalgoorlie	P29/1381	128.75	1.29	G	100% ²
		M29/231			A	
Menzies East	112Km NNW of Kalgoorlie	P29/1413	10	0.10	G	100% ²
		M29/230			A	
Menzies East	112Km NNW of Kalgoorlie	P29/1496	169.8	1.70	G	100% ²
Menzies East	112Km NNW of Kalgoorlie	P29/1498	135	1.35	G	100% ²
Menzies East	112Km NNW of Kalgoorlie	P29/1499	152.39	1.52	G	100% ²
Menzies East	112Km NNW of Kalgoorlie	P29/1500	120	1.20	G	100% ²
Menzies East	112Km NNW of Kalgoorlie	P29/1520	93.96	0.94	G	100% ²
Menzies East	112Km NNW of Kalgoorlie	P29/1521	27.78	0.28	G	100% ²
² Golden State right to earn 60%			Subtotal	8.38		

8.0 Interest In Mining Tenements (Continued)

Prospect	Geographic Location	Tenement Identifier	Area blocks (EL) ha (ML,PL)	Area km ²	Status	Interest Held
SCOTIA KANOWNNA DOME PROVINCE		Kanownna East Project				
Kanownna East	23Km NE of Kalgoorlie	P27/1242	201.21	2.01	G	100%
		M27/272			A	
Kanownna East	23Km NE of Kalgoorlie	P27/1440	2.55	0.03	G	100%
		Subtotal		2.04		
KEITH KILKENNY PROVINCE		Edjudina Project				
Outcamp Bore	155Km NE of Kalgoorlie	E31/190	13	34.00	G	100%
Oak Bore	155Km NE of Kalgoorlie	E31/233	1	2.80	G	100%
Oak Bore South	155Km NE of Kalgoorlie	E31/234	1	2.80	G	100%
Yarri South	135Km NE of Kalgoorlie	E31/235	3	8.40	G	100%
Yilgangi East	140Km NE of Kalgoorlie	E31/236	1	1.60	G	100%
Wallbrook Hill	125Km NE of Kalgoorlie	E31/237	7	18.00	G	100%
Patricia West	155Km ENE of Kalgoorlie	E31/244	6	16.80	A	100%
Stophanis East	155Km ENE of Kalgoorlie	E31/265	1	2.80	G	100%
Yerilla North	165Km NNE of Kalgoorlie	E31/278	10	28.00	G	100%
Mt Catherine South	145Km NNE of Kalgoorlie	E31/279	21	58.80	G	100%
Webb Find North	150Km NNE of Kalgoorlie	E31/287	17	47.60	A	100%
Webb Find North	150Km NNE of Kalgoorlie	E31/288	17	47.60	G	100%
Boyce Creek East	150Km NNE of Kalgoorlie	E31/304	4	11.20	G	100%
Outcamp Bore West	150Km NE of Kalgoorlie	E31/311	12	33.60	G	100%
Yarri East	155Km NE of Kalgoorlie	E31/312	23	64.60	A	100%
Yarri North East	160Km NE of Kalgoorlie	E31/313	1	2.80	G	100%
Yarri North East	160Km NE of Kalgoorlie	E31/315	2	5.60	G	100%
Edjudina East	160Km NE of Kalgoorlie	E31/317	13	36.40	A	100%
Pinjin	140Km ENE of Kalgoorlie	E31/263	2	5.60	G	100%
Stophanis East	150Km ENE of Kalgoorlie	E31/343	1	2.80	A	100%
Larkin Well	170Km NNE of Kalgoorlie	E39/641	2	5.60	A	100%
Gairdner West	170Km NNE of Kalgoorlie	E39/642	1	2.80	A	100%
Larkin West	170Km NNE of Kalgoorlie	E39/643	2	5.60	A	100%
Celebration Bore	170Km NNE of Kalgoorlie	E39/644	23	64.40	A,B	100%
Kilmore Hill	175Km NNE of Kalgoorlie	E39/648	9	25.20	A	100%
Mt Remarkable East	155Km NNE of Kalgoorlie	E31/346	1	2.80	A,B	100%
Claypan Dam	155Km NNE of Kalgoorlie	E31/347	1	2.80	A,B	100%
Yerilla Ck Dam	155Km NNE of Kalgoorlie	E31/348	4	11.20	A,B	100%
Deep Well South	170Km NE of Kalgoorlie	E39/661	1	2.80	A,B	100%
Deep Well North	170Km NE of Kalgoorlie	E39/662	1	2.80	A	100%
Deep Well	170Km NE of Kalgoorlie	E39/663	1	2.80	A	100%

8.0 Interest In Mining Tenements (Continued)

Prospect	Geographic Location	Tenement Identifier	Area blocks (EL) ha (ML,PL)	Area km ²	Status	Interest Held
KEITH KILKENNY PROVINCE Continued						
Broken Hill Bore	155Km NE of Kalgoorlie	E31/352	1	2.80	A	100%
Clymies Well	155Km NE of Kalgoorlie	E31/353	13	36.40	A,B	100%
Seddon Bore	155Km NE of Kalgoorlie	E31/354	6	16.80	A,B	100%
Yarri	145Km NE of Kalgoorlie	M31/115	421	4.21	G	100%
Yarri	145Km NE of Kalgoorlie	P31/1398	20	0.20	G	100%
		M31/141			A	
Yilgangi Castle	140Km NE of Kalgoorlie	P31/1414	33.98	0.34	G	100%
		M31/173			A	
Mt Catherine	145Km NNE of Kalgoorlie	P31/1470	58	0.58	G	100%
Webb Find	145Km NE of Kalgoorlie	P31/1487	93	0.93	G	100%
Webb Find West	145Km NE of Kalgoorlie	P31/1493	27	0.27	G	100%
Porphyry North	155Km NE of Kalgoorlie	P31/1537	85.33	0.85	G	100%
Stophanis South	150Km ENE of Kalgoorlie	P31/1546	161	1.61	A	100%
Stophanis South	150Km ENE of Kalgoorlie	P31/1547	120	1.20	A	100%
Edjudina South	135Km NE of Kalgoorlie	P31/1548	40	0.40	G	100%
Gardeners Find	170Km NNE of Kalgoorlie	P39/3691	200	2.00	G	100%
Yarri	145Km NE of Kalgoorlie	P31/1483	11	0.11	G	100%
Quondong South	120Km NE of Kalgoorlie	P31/1489	177	1.77	G	100%
Quondong South	120Km NE of Kalgoorlie	P31/1490	89	0.89	G	100%
		Subtotal		631.96		
KEITH KILKENNY PROVINCE		Mulgabbie Project				
Rough Gap	115Km ENE of Kalgoorlie	E28/567	8	16.80	G	100%
Round Hill	125Km ENE of Kalgoorlie	E28/576	4	11.20	G	100%
Round Hill	125Km ENE of Kalgoorlie	E28/577	10	28.00	G	100%
Old Pinjin	120Km ENE of Kalgoorlie	E28/591	15	42.00	G	100%
Mulgabbie	105Km NE of Kalgoorlie	E28/604	6	4.19	A	100%
Mulgabbie	105Km NE of Kalgoorlie	E28/605	1	2.80	G	100%
Mulgabbie	105Km NE of Kalgoorlie	E28/606	4	11.20	G	100%
Mulgabbie	105Km NE of Kalgoorlie	E28/607	1	2.80	A	100%
Rough Gap	110Km ENE of Kalgoorlie	E28/612	14	39.20	G	100%
Rough Gap	110Km ENE of Kalgoorlie	E28/613	8	22.40	G	100%
Rough Gap	110Km ENE of Kalgoorlie	E28/623	4	6.58	G	100%
Rough Gap	115Km ENE of Kalgoorlie	P28/883	144	1.44	G	100%
Rough Gap	115Km ENE of Kalgoorlie	P28/884	144	1.44	G	100%
Rough Gap	115Km ENE of Kalgoorlie	P28/886	147	1.47	G	100%
Rough Gap	115Km ENE of Kalgoorlie	P28/887	199.5	2.00	G	100%

8.0 Interest In Mining Tenements (Continued)

Prospect	Geographic Location	Tenement Identifier	Area blocks (EL) ha (ML,PL)	Area km ²	Status	Interest Held
KEITH KILKENNY PROVINCE Continued						
Mulgabbie West	105Km NE of Kalgoorlie	P28/930	174	1.74	G	100%
Mulgabbie West	105Km NE of Kalgoorlie	P28/931	175	1.75	G	100%
Mulgabbie West	105Km NE of Kalgoorlie	P28/932	160	1.60	G	100%
Mulgabbie West	105Km NE of Kalgoorlie	P28/933	119	1.19	G	100%
Mulgabbie West	105Km NE of Kalgoorlie	P28/934	179	1.79	G	100%
Mulgabbie West	105Km NE of Kalgoorlie	P28/935	152	1.52	G	100%
Mulgabbie West	105Km NE of Kalgoorlie	P28/936	169	1.69	G	100%
Mulgabbie West	105Km NE of Kalgoorlie	P28/937	149	1.49	G	100%
Mulgabbie West	105Km NE of Kalgoorlie	P28/938	200	2.00	G	100%
Mulgabbie West	105Km NE of Kalgoorlie	P28/939	197	1.97	G	100%
Mulgabbie West	105Km NE of Kalgoorlie	P31/1541	171	1.71	G	100%
Mulgabbie West	105Km NE of Kalgoorlie	P31/1542	147	1.47	G	100%
Mulgabbie West	105Km NE of Kalgoorlie	P31/1545	167	1.67	G	100%
Crab Hill	135Km ENE of Kalgoorlie	P28/923	138	1.38	G	100%
Crab Hill	135Km ENE of Kalgoorlie	P28/924	171	1.71	G	100%
Crab Hill	135Km ENE of Kalgoorlie	P28/925	195	1.95	G	100%
Crab Hill	135Km ENE of Kalgoorlie	P28/926	164	1.64	G	100%
Crab Hill	135Km ENE of Kalgoorlie	P28/927	114	1.14	G	100%
Rough Gap	115Km ENE of Kalgoorlie	P28/885	124	1.24	G	100%
Rough Gap	115Km ENE of Kalgoorlie	P28/888	87	0.87	G	100%
Old Plough Dam	105Km NE of Kalgoorlie	P31/1482	187	1.87	G	100%
			Subtotal	226.90		
KEITH KILKENNY PROVINCE		Karonie South Project				
Fraser Range North	180Km SE of Kalgoorlie	E28/602	59	165.20	G	100%
Karonie South	180Km SE of Kalgoorlie	E28/631	70	196.00	G	100%
Karonie South	180Km SE of Kalgoorlie	E28/638	9	25.20	G	100%
Karonie South	180Km SE of Kalgoorlie	E28/665	24	67.20	G	100%
Fraser Range West	180Km SE of Kalgoorlie	E63/455	54	151.20	A	100%
			Subtotal	604.80		

8.0 Interest In Mining Tenements (Continued)

Prospect	Geographic Location	Tenement Identifier	Area blocks (EL) ha (ML,PL)	Area km ²	Status	Interest Held
EMU FAULT PROVINCE		Gindalbie East Project				
Kalpini	60Km NE of Kalgoorlie	E27/129	31	86.80	G	100%
Gindalbie South	50Km NE of Kalgoorlie	E27/164	1	2.80	G	100%
Kalpini Northwest	60Km NE of Kalgoorlie	E27/170	16	44.80	G	100%
Kurnalpi South	75Km ENE of Kalgoorlie	E28/647	4	11.20	G	100%
Mayday North	50Km NE of Kalgoorlie	E27/182	1	2.80	A	100%
Gindalbie South	50Km NE of Kalgoorlie	E27/183	7	19.60	A	100%
Garibaldi	45Km NE of Kalgoorlie	M27/69	75	0.75	G	opt for 100%
Lindsay Find	55Km NNE of Kalgoorlie	P27/1265	120	1.20	G	100%
		M27/305			A	
Garibaldi	45Km NE of Kalgoorlie	P27/1400	29	0.29	G	100%
Garibaldi	45Km NE of Kalgoorlie	P27/1401	195	1.95	G	100%
Garibaldi	45Km NE of Kalgoorlie	P27/1402	65	0.65	G	100%
Gindalbie South	50Km NE of Kalgoorlie	P27/1407	200	2.00	G	100%
Gindalbie South	50Km NE of Kalgoorlie	P27/1408	200	2.00	G	100%
Gindalbie South	50Km NE of Kalgoorlie	P27/1409	193	1.93	G	100%
Gindalbie South	50Km NE of Kalgoorlie	P27/1412	132	1.32	G	100%
Gindalbie South	50Km NE of Kalgoorlie	P27/1414	107	1.07	G	100%
Lindsays North	55Km NNE of Kalgoorlie	P27/1420	115.3	1.15	G	100%
Garibaldi	45Km NE of Kalgoorlie	P27/1424	87	0.87	G	100%
Gindalbie South	50Km NE of Kalgoorlie	P27/1446	163	1.63	G	100%
Gindalbie South	50Km NE of Kalgoorlie	P27/1447	45	0.45	G	100%
Wellington North	70Km NE of Kalgoorlie	P27/1448	160	1.60	G	100%
Wellington North	70Km NE of Kalgoorlie	P27/1449	108	1.08	G	100%
Wellington North	70Km NE of Kalgoorlie	P27/1450	159	1.59	G	100%
Wellington North	70Km NE of Kalgoorlie	P27/1451	190	1.90	G	100%
Wellington North	70Km NE of Kalgoorlie	P27/1452	186	1.86	G	100%
Wellington North	70Km NE of Kalgoorlie	P27/1453	156	1.56	G	100%
Kalpini West	50Km NE of Kalgoorlie	P27/1353	47	0.47	G	100%
Kalpini West	50Km NE of Kalgoorlie	P27/1354	128	1.28	G	100%
Kalpini West	50Km NE of Kalgoorlie	P27/1355	176	1.76	G	100%
Kalpini West	50Km NE of Kalgoorlie	P27/1358	159	1.59	G	100%
Kalpini West	50Km NE of Kalgoorlie	P27/1359	58	0.58	G	100%
		Subtotal		199.33		

8.0 Interest In Mining Tenements (Continued)

Prospect	Geographic Location	Tenement Identifier	Area blocks (EL) ha (ML,PL)	Area km ²	Status	Interest Held
MUNGARI PROVINCE		Mungari Northwest Joint Venture Project				
Mungari Northwest	35Km WNW of Kalgoorlie	E15/411	1	2.80	A	100% ³
Mungari Northwest	35Km WNW of Kalgoorlie	E16/121	17	47.60	G	100% ³
Mungari Northwest	35Km WNW of Kalgoorlie	E16/146	2	0.50	A	100% ³
Mungari Northwest	35Km WNW of Kalgoorlie	P16/1682	200	2.00	G	100% ³
Mungari Northwest	35Km WNW of Kalgoorlie	P16/1683	130	1.30	G	100% ³
Mungari Northwest	35Km WNW of Kalgoorlie	P16/1684	144	1.44	G	100% ³
Mungari Northwest	35Km WNW of Kalgoorlie	P16/1685	140	1.40	G	100% ³
Mungari Northwest	35Km WNW of Kalgoorlie	P16/1686	191	1.91	G	100% ³
Mungari Northwest	35Km WNW of Kalgoorlie	P16/1696	199	1.99	G	100% ³
Mungari Northwest	35Km WNW of Kalgoorlie	P16/1697	200	2.00	G	100% ³
Mungari Northwest	35Km WNW of Kalgoorlie	P16/1811	153	1.53	G	100% ³
Mungari Northwest	35Km WNW of Kalgoorlie	P16/1812	104	1.04	G	100% ³
Mungari Northwest	35Km WNW of Kalgoorlie	P16/1813	158	1.58	G	100% ³
			Subtotal	67.09		
³ Farm-inee right to earn 50%						
LEONORA LAVERTON PROVINCE		Laverton Joint Venture Project				
Hawkes Nest	17Km WSW of Laverton	E38/831	6	16.80	G	100% ⁴
Hawkes Nest South	17Km WSW of Laverton	E38/832	5	14.00	G	100% ⁴
Mt Varden West	54Km N of Laverton	E38/944	4	11.20	A	100%
Mt Varden East	45Km N of Laverton	E38/946	27	75.60	A	100%
			Subtotal	117.60		
⁴ Metex right to earn 70%						
LEONORA LAVERTON PROVINCE		Mount Morgans Joint Venture Project				
Mt Morgans Northwest	40Km WSW of Laverton	P39/3454	155.6	1.56	G	100% ⁵
Mt Morgans Northwest	40Km WSW of Laverton	P39/3455	195.3	1.95	G	100% ⁵
Mt Morgans Northwest	40Km WSW of Laverton	P39/3456	195.3	1.95	G	100% ⁵
Mt Morgans Northwest	40Km WSW of Laverton	P39/3457	186	1.86	G	100% ⁵
Mt Morgans West	40Km WSW of Laverton	P39/3466	170.63	1.71	G	100% ⁵
Mt Morgans West	40Km WSW of Laverton	P39/3467	170.63	1.71	G	100% ⁵
Mt Morgans West	40Km WSW of Laverton	P39/3468	170.63	1.71	G	100% ⁵
Mt Morgans West	40Km WSW of Laverton	P39/3469	170.63	1.71	G	100% ⁵
			Subtotal	14.15		
⁵ Metex right to earn 70%						

8.0 Interest In Mining Tenements (Continued)

Prospect	Geographic Location	Tenement Identifier	Area blocks (EL) ha (ML,PL)	Area km ²	Status	Interest Held
LEONORA LAVERTON PROVINCE		Malcolm Project				
Horan Lake	15Km SE of Leonora	E37/350	5	14.00	G	100%
Mt Melita	22Km SE of Leonora	E40/72	8	8.00	G	100%
Morapoi	53Km S of Leonora	E40/88	4	11.20	G	100%
Malcolm North	12Km ENE of Leonora	P37/5513	120	1.20	G	100%
Malcolm North	12Km ENE of Leonora	P37/5514	120	1.20	G	100%
Malcolm North	12Km ENE of Leonora	P37/5515	120	1.20	G	100%
Malcolm North	12Km ENE of Leonora	P37/5516	120	1.20	G	100%
Malcolm North	12Km ENE of Leonora	P37/5517	153	1.53	G	100%
Malcolm North	12Km ENE of Leonora	P37/5518	175	1.75	G	100%
Malcolm North	12Km ENE of Leonora	P37/5519	185	1.85	G	100%
Malcolm North	12Km ENE of Leonora	P37/5520	190	1.90	G	100%
Malcolm North	12Km ENE of Leonora	P37/5521	175	1.75	G	100%
Malcolm North	12Km ENE of Leonora	P37/5522	150	1.50	G	100%
Malcolm North	12Km ENE of Leonora	P37/5523	185	1.85	G	100%
Malcolm North	12Km ENE of Leonora	P37/5524	185	1.85	G	100%
Malcolm North	12Km ENE of Leonora	P37/5525	183	1.83	G	100%
Malcolm North	12Km ENE of Leonora	P37/5526	195	1.95	G	100%
Malcolm North	12Km ENE of Leonora	P37/5527	150	1.50	G	100%
Malcolm North	12Km ENE of Leonora	P37/5528	157	1.57	G	100%
Malcolm North	12Km ENE of Leonora	P37/5529	130	1.30	G	100%
Alice Gold Mine	17Km ESE of Leonora	P37/5122	9.71	0.10	G	100%
		Subtotal		60.23		
LEONORA LAVERTON PROVINCE		Victory Project				
Doyle Well	60Km NW of Leonora	E37/406	12	10.00	G	100%
Mount McClure	120Km NNW of Leonora	E36/387	6	16.80	A	100%
Mount McClure	120Km NNW of Leonora	E36/388	2	5.60	A	100%
Victory Gold Mine	55Km NW of Leonora	P37/5097	17.825	0.18	G	100%
		Subtotal		32.58		
LEONORA LAVERTON PROVINCE		Celia Project				
Ottery Well	180Km NE of Kalgoorlie	E39/581	42	117.60	A,B	100%
Safari Bore West	180Km NE of Kalgoorlie	E39/656	16	43.91	A,B	100%
		Subtotal		161.51		
MENZIES LEONORA PROVINCE		Menzies Leonora Project				
Union Jack Well	55Km WNW of Leonora	E37/498	13	39.11	A	100%
Lawrence Find	80Km W of Menzies	E30/203	70	196.00	A	100%
		Subtotal		235.11		

8.0 Interest In Mining Tenements (Continued)

Prospect	Geographic Location	Tenement Identifier	Area blocks (EL) ha (ML,PL)	Area km ²	Status	Interest Held
IDA FAULT PROVINCE		Snake Hill Joint Venture Project				
Snake Hill North	140Km NW of Kalgoorlie	E29/290	5	5.00	G	100% ⁶
Snake Hill	140Km NW of Kalgoorlie	E30/166	6	16.80	G	100% ⁶
⁶ Connemara right to earn 70%			Subtotal	21.80		
IDA FAULT PROVINCE		Blister Dam Joint Venture Project				
Blister Dam	100Km NW of Kalgoorlie	E24/88	10	28.00	G	100% ⁷
⁷ Farm-inee right to earn 70%			Subtotal	28.00		
IDA FAULT PROVINCE		Bullabulling Project				
Bullabulling South	60Km WSW of Kalgoorlie	E15/541	7	19.60	A	100%
Bullabulling South	60Km WSW of Kalgoorlie	E15/542	2	5.60	A	100%
			Subtotal	25.20		
NORSEMAN PROVINCE		Dundas Lake Project				
Dundas Lake	20Km SSE of Norseman	P63/990	200	2.00	G	100%
Dundas Lake	20Km SSE of Norseman	P63/991	172	1.72	G	100%
Dundas Lake	20Km SSE of Norseman	P63/992	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/993	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/994	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/995	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/996	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/997	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/998	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/999	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/1000	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/1001	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/1002	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/1003	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/1004	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/1005	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/1006	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/1007	120	1.20	G	100%
Dundas Lake	20Km SSE of Norseman	P63/1008	120	1.20	G	100%
			Subtotal	24.12		

8.0 Interest In Mining Tenements (Continued)

Prospect	Geographic Location	Tenement Identifier	Area blocks (EL) ha (ML,PL)	Area km ²	Status	Interest Held
KAMBALDA DOMAIN PROVINCE		Binduli East Project				
Binduli East	5Km SW of Kalgoorlie	P26/2791	198	1.98	G	100% ⁸
Binduli East	5Km SW of Kalgoorlie	P26/2792	182	1.82	G	100% ⁸
Binduli East	5Km SW of Kalgoorlie	P26/2794	160	1.60	G	100% ⁸
Binduli East	5Km SW of Kalgoorlie	P26/2800	168	1.68	G	100% ⁸
Binduli East	5Km SW of Kalgoorlie	P26/2801	150	1.50	G	100% ⁸
Binduli East	5Km SW of Kalgoorlie	P26/2802	173	1.73	G	100% ⁸
Binduli East	5Km SW of Kalgoorlie	P26/2803	196	1.96	G	100% ⁸
Binduli East	5Km SW of Kalgoorlie	P26/2814	71	0.71	G	100% ⁸
Binduli East	5Km SW of Kalgoorlie	P26/2815	196	1.96	G	100% ⁸
Binduli East	5Km SW of Kalgoorlie	P26/2818	104.38	1.04	G	100% ⁸
			Subtotal	15.98		
SOUTHERN CROSS PROVINCE		Bungalbin Project				
Bungalbin	100 Km NNE of Southern Cross	E77/842	38	106.40	A	100%
			Subtotal	106.40		
EASTERN GOLDFIELDS SUBTOTAL				2,839.94		
GAWLER CRATON PROVINCE		G2 Joint Venture Project				
Crystal Brook	Crystal Brook	EL 2159	1835	1835.00	G	100% ⁹
Port Pirie	Port Pirie	EL 2160	833	833.00	G	100% ⁹
GAWLER CRATON SUBTOTAL				2,668.00		
TOTAL TENEMENT AREA km²				5507.94		

- A = Application
G = Granted
B = Exploration Licence in Ballot

Glossary of Terms

"Aeromagnetic Survey" means a survey made from the air, recording variations in the earth's magnetic field.

"Alteration" means rock-forming minerals which have been chemically changed.

"Anomaly" means a value higher or lower than expected, which outlines a zone of potential exploration interest but not necessarily of commercial significance.

"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.

"Au" means gold.

"Cu" means copper.

"Fe" means iron.

"Geochemical Survey" means the systematic study of the variation of chemical elements in rocks or soils.

"g/t" means grams per tonne.

"Granitoid" means a family of coarse-grained igneous rocks that contain abundant quartz and feldspar.

"Helimag" means an aeromagnetic survey flown by a helicopter.

"km" means kilometres.

"km²" 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. This komatiite type is regarded as very prospective for nickel sulphide mineralisation (e.g. Kambalda nickel mine).

"Adcumulate" means a rock with little or no intercumulus material and characterised dominantly by anhedral crystals.

"Mesocumulate" means a rock with cumulus crystals exhibiting extensive mutual boundary contact, but retaining some recognisable interstitial material.

"m" means metres.

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

"MMI" means the Mobile Metal Ion™ process, which is a partial extraction soil geochemical technique very effective for nickel and gold exploration.

"Ni" means nickel.

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

"Option" means a share option to subscribe for fully paid ordinary 25 cents Shares in Heron exercisable by payment of 25 cents prior to the expiration of the 30th day of June 2000.

"P" means phosphorus

"prospect" means a target upon which exploration programs are planned or have commenced.

"project" means a grouping of prospects within a specific geographic location, often with a common geological setting.

"province" means a grouping of projects within a geological district defined by a major mineralised crustal structure.

"ppb" means parts per billion.

"ppm" means parts per million.

"RAB drilling" means the drilling technique in which a sample is returned to surface outside the rod string by compressed air.

"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.

"Shear Zone" means a zone in which crushed rock has been produced by the action of a shearing stress as on a fault.

"Tectonic Zone" means a major structural feature characterised by deformation of several kilometres in width.

"Ultramafic" means rocks composed almost entirely of mafic minerals.