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## HERON RESOURCES LIMITED

23 February 2006

Dear Shareholders,

### Establishment of a Heron Perth Office

The great strength of Heron since its listing 10 years ago has been its base of operations in Kalgoorlie-Boulder. This helped to deliver the competitive advantage that enabled Heron to peg some 26,500km<sup>2</sup> of prime mineral exploration tenements that are now the basis of the **Kalgoorlie Nickel Project (KNP)** with Inco Limited, **Ochre Resources Limited** iron ore, **Regent Resources Limited** gold and copper, and **Balladonia Energy Limited** uranium and oil shale.

Since first seeking a partner for the KNP in October 2004, leading to the KNP farm-in and joint venture with Inco in July 2005, a majority of senior executive time is being spent in Perth, along with increasing interstate and overseas travel. This has now led to the somewhat inevitable Board decision for Heron to establish a Perth presence.

Ian Buchhorn is to head up the Perth office, with Board responsibility to expedite the various corporate priorities of Heron, notably opportunities aimed at moving the Company production profile forward, as well as the Company's proposed transactions involving Ochre, Regent and Balladonia.

The Company's Kalgoorlie-Boulder management structure has been varied as follows:

- > **Mat Longworth** steps up to the new role of **Chief Operating Officer** based in Kalgoorlie-Boulder, with responsibility for Inco KNP Joint Venture liaison, government, community and investor relations, and Board technical reporting.
- > **Dave von Perger** has become **Exploration Manager** based in Kalgoorlie-Boulder, with responsibility for the day to day technical operations related to the Inco KNP Joint Venture and other field operations.
- > **Sarah Calvert** is continuing with her **Company Secretary** role and **Tracy Browning** is continuing with her **Investor Relations** role, both based in Kalgoorlie-Boulder.

The West Kalgoorlie office and yard will remain as the focus of Heron technical and continuing exploration operations, and apart from Ian Buchhorn's move to Perth, there will be no changes for staff. Shareholders should continue to contact Tracy Browning at the Kalgoorlie-Boulder office for any shareholder or administration matters concerning the Company.

Our website hosts a copy of independent research, recently completed by analyst John Macdonald, which certainly conveys the world-competitive nature and enormous potential of the KNP.

This is clearly a new and exciting era for Heron, and as always, we appreciate your support and welcome your feedback, please contact our Kalgoorlie office.

Yours faithfully

Managing Director