

23 October 2006

Company Announcements Office
Australian Stock Exchange Limited
Level 4
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Offer to Participate in Heron Resources Limited Share Purchase Plan

The Directors of Heron Resources Limited ("Heron") are pleased to offer Shareholders the opportunity to participate in its Share Purchase Plan. The plan entitles eligible Shareholders of the Company to purchase up to \$5,000 worth of fully paid ordinary Shares in the capital of the Company, free from all brokerage and commissions.

Accompanying this letter is a document entitled "Share Purchase Plan Terms and Conditions" which explains how the new Shares will be issued should you participate in this offer. Also included is an application form which you need to complete in accordance with the instructions provided and return to Heron's Share Registry Office, Security Transfer Registrars Pty. Limited, with payment, in the reply paid envelope, so that it is received no later than 5.00 pm WST on 23 November 2006.

The Purchase Plan will open on 23 October 2006 for a period of 4.5 weeks with Shareholders registered as at the close of business on 20 October 2006 eligible to participate in the offer.

Shareholders can purchase EITHER;

7,692 Shares at a price of 65 cents per Share (total \$4,999.80), OR

3,846 Shares at a price of 65 cents per Share (total \$2,499.90).

The funds raised are currently intended for the following activities:

- Completion of current resource drilling on the Jump-up Dam Heap Leach Project
- Undertaking further metallurgical test work on the Jump-up Dam.
- Undertaking Scoping Studies into the Jump-up Dam Heap Leach Project.
- Additional non KNP sulphide exploration.
- Working capital in the Company.

On 17 October 2006 the Company announced the results of drilling and metallurgical testwork completed and the intention to commence a Scoping Study for the Jump-up Dam Nickel Laterite Heap Leach Project. These results are exciting and potentially enable Heron to move quickly from initial concept plan to Scoping Study, and should results of the studies support the project, through to production. The initial target of the project will be to produce 5,000 tonnes per annum of nickel in concentrate; ramping up to 10,000 tonnes. The ore feed requirement is expected to be some 1.2 million tonnes per annum grading 1% Ni.

I trust that you will give favourable consideration to this offer as to convenient means of increasing your Shareholding in the Company, at a discount to recent prices and with no brokerage.

Kind regards



Mathew Longworth
Chief Operating Officer
HERON RESOURCES LIMITED

SHARE PURCHASE PLAN TERMS AND CONDITIONS

HERON RESOURCES LIMITED
ABN 30 068 263 098

Terms and Conditions

These terms and conditions are the terms and conditions of the Heron Resources Limited ABN 30 068 263 098 (**Company**) Share Purchase Plan (**Plan**) (as contemplated by Policy Statement 125 of the Australian Securities & Investments Commission) and are binding on any Shareholder completing a Share Purchase Plan Application Form attached hereto.

1 THE OFFER

The Offer is an invitation to offer to subscribe for fully paid ordinary Shares in the Company (**Shares**) at 65 cents per Share for either the maximum subscription of 7,692 Shares (\$4,999.80) OR the minimum subscription of 3,846 Shares (\$2,499.90). You may only apply for either the maximum or the minimum subscription. You may refuse the Offer. The offer is not renounce able, so there are no tradeable rights.

The Offer to each eligible Shareholder is made on the same terms and conditions. The Offer is non-renounceable (i.e. you may not transfer your right to acquire a Share to anyone else.)

2 OPENING AND CLOSING DATE OF THE OFFER

The Offer opens at 9.00am WST on 23 October 2006. The Offer closes at 5.00pm WST on 23 November 2006. The Directors of the Company reserve the right to change the closing date of the Offer.

No late applications will be accepted.

3 ELIGIBILITY

You are eligible to apply for Shares if:

- (a) your registered address in the Company's register of members is in Australia or New Zealand or otherwise to any Shareholder to whom an offer of securities under this Plan is not in breach of the securities laws of the country in which they reside; and

- (b) you were registered as a holder of fully paid Shares in the company as at 5.00pm WST on 20 October 2006.

4 ISSUE PRICE

The issue price for each Share under the Offer is 65 cents. The price is 93.5% of the weighted price of the Company's Shares for the five days traded prior to 23 October 2006.

5 RIGHTS ATTACHING TO SHARES

The rights and obligations of the Shares are contained in the Constitution of the Company (which is available for inspection at the registered office of the Company during the period of the Offer). The Shares will be issued on the same terms as all other ordinary Shares in the Company and the Company will apply for the Shares to be quoted on ASX.

If the Shares are not quoted on ASX, the Shares will not be issued and funds will be refunded.

6 NUMBER OF SHARES

If you are an eligible Shareholder, you can purchase either a minimum of 3,846 Shares for a consideration of \$2,499.90 OR, a maximum of 7,692 Shares for a consideration of \$4,999.80. Shareholders can only subscribe for the maximum or the minimum subscription.

The total cost of Shares purchased by each eligible Shareholder (including through joint holding(s), multiple share accounts or any holding in which they have a beneficial interest/s as recorded on the Company's register of members) must not exceed \$5,000. The Directors reserve the right to issue to an eligible Shareholder less Shares than the number specified in an Application Form (including only that number of Shares per accepted Application Form that permits the Company to comply with ASX Listing Rule 7.1) for whatever reason including the possible subscription of over \$5,000 worth of Shares by a Shareholder through multiple applications or joint holdings. No fractions of Shares will be issued.

7 MAXIMUM NUMBER OF SHARES TO BE ISSUED

The total number of Shares under the Plan must not exceed 30% of the number of Shares currently on issue. Accordingly, the Company retains the right to scale back the number of Shares issued to Shareholders under the Plan if demand is strong. Any scaling down will be pro-rata for all Shareholders on the basis of the amount paid. You therefore may be issued with fewer Shares than as set out in the alternative you select from the above.

8 PARTICIPATION COSTS

You must pay the issue price per Share and any fees or charges incurred by you in completing the Application Form, for example, bank fees or fees of professional advisors. The Company will pay any brokerage or stamp duty. No commission is payable by the Company on the issue of the Shares.

9 ALLOTMENT OF SHARES

Subject to point 7 above, the Shares will be allotted as soon as possible after the closing date.

The Company will send or cause to be sent to you a holding statement in due course.

10 PAYMENT FOR THE SHARES

All amounts in this Offer are expressed in Australian dollars. You must pay for the Shares by a cheque in Australian dollars made payable to "Heron Resources Limited". Please provide a cheque for the exact amount. If you do not provide the exact amount, the Company reserves the right to return your Acceptance Form and cheque (in which case you will receive no Shares) or issue you a lesser number of Shares and (if necessary) return a portion of your funds. No interest will be paid on money returned.

11 OFFERS UNDER THE PLAN

The Company may make more than one invitation to acquire Shares under the Plan in any 12 month period. Shareholders will not be able to acquire Shares to a value exceeding \$5,000 pursuant to the Plan in any 12 month period. The Company may amend the terms of the Plan to provide for different terms to apply to different invitations. The Company may terminate the Plan at any time. Notice of invitations, the terms of invitations and termination of the Plan will be provided to ASX, although failure to give notice will not invalidate the event.

12 APPLICATION OF PLAN

The Company may act or omit to act in relation to the Plan (including applying the terms of the Plan) in its absolute discretion. The Company may settle any difficulty or question of fact or interpretation in relation to the Plan in any manner it thinks fit, whether generally or in relation to any participant, application or Share. The Company's decision will be conclusive and binding. The Company reserves the right to waive strict compliance with the terms of the Plan. The Directors of the Company or any delegate of them may exercise the powers of the Company under the terms of the Plan.

13 RISK

While the 65 cents subscription price is, at the time of this offer at a 6.5% discount to the market price of 69.5 cents Shares in the five day trading period up to 23 October 2006, subscription under the Plan is a speculative investment and the market price may change between the dates you apply for Shares and the issue of Shares to you. Accordingly, the value of Shares applied for may rise or fall.

This offer is not a prospectus and does not require the types of disclosures required under the Corporations Act. You must rely on your own knowledge of the Company, previous disclosures made by the Company to the ASX, and, if necessary, consult your professional adviser when deciding whether or not to accept the offer and participate in the Plan. The Company issued its Annual Report on 29 September 2006, and this is available on the Company's website.

14 PRIVACY

By receiving completed Application Forms, the Company collects personal information about Shareholders. The Company will use this information for the purposes of processing the Application Form and updating the records of the Company. Unless required by the law, the Company will not disclose the personal information of a Shareholder to a third party or use the personal information for another purpose without the consent of the Shareholder. Except as stated by the law, Shareholders are able to access, upon request, their personal information held by the Company. For further information about how we manage your personal information or if you wish to obtain a copy of the Company's privacy, please contact us.

15 USE OF FUNDS

The application of funds raised pursuant to the Plan is described in the letter to Shareholders dated 23 October 2006 inviting them to participate in the Plan.

16 IMPORTANT DATES

The important dates in relation to this Offer are summarised below. These dates are indicative only and subject to change at the discretion of the Directors.

Offer opening date	23 October 2006
Offer closing date (subject to Directors' discretion to extend)	23 November 2006
Issue Date	No later than 14 days after receipt of applications

HERON RESOURCES LIMITED

ABN 30 65 094 206 292

SHAREHOLDER SHARE PURCHASE PLAN APPLICATION FORM

NAME
ADD1
ADD2
ADD3
ADD4
ADD5

HIN / SRN:

NON-RENOUNCEABLE OFFER CLOSING AT 5.00 PM WST ON 23 NOVEMBER 2006

TO THE DIRECTORS, HERON RESOURCES LIMITED:

I/We, the above mentioned, wish to apply for the number of new ordinary shares as stated below at an issue price of 65 cents per share which will be issued in accordance with the HERON RESOURCES LIMITED Shareholder Share Purchase Plan and the Constitution of the Company.

Please Tick Applicable Box:

Offer A

Total subscription amount of A\$4,999.80 (being 7,692 shares @ 65 cents – maximum amount)

Offer B

Total subscription account of A\$2,499.90 (being 3,846 shares @ 65 cents)

I/We enclose my/our payment of 65 cents for each new ordinary share applied for. I/We hereby authorise you to place my/our name(s) on the register of members in respect of the new ordinary shares allotted to me/us and I/We agree to be bound by the Company's Constitution and the terms of the HERON RESOURCES LIMITED Shareholder Share Purchase Plan.

PAYMENT BY CHEQUE

Insert details of your cheque or bank cheque - please complete in BLOCK LETTERS

Drawer	Bank	Branch	Amount Enclosed
			AUD\$

Please provide a daytime (business hours) telephone number so that we can contact you if we have any questions regarding your application. Daytime telephone no: ().....contact name.....

LODGE YOUR APPLICATION AS SOON AS POSSIBLE IN THE RETURN ADDRESSED ENVELOPE PROVIDED

NOTE: Return of the completed application form, together with your cheque(s) for the application monies, will constitute your offer to subscribe for new shares in the company, and your acceptance of the Terms and Conditions of the HERON RESOURCES LTD Shareholders' Share Purchase Plan.

This Share Purchase Plan Application Form with your payment must be lodged with the Share Registry not later than 5:00 pm WST 23 NOVEMBER 2006.

FOR INSTRUCTIONS ON COMPLETING AND LODGING THIS APPLICATION FORM, PLEASE SEE OVERLEAF
IF YOU ARE UNSURE HOW TO COMPLETE THIS APPLICATION FORM, PLEASE CONTACT
SECURITY TRANSFER REGISTRARS PTY LTD TEL: 08 9315 2333

CERTIFICATION

By completing and returning this Application Form, with my cheque(s) payment for the application monies, I/we hereby:

1. Acknowledge that I/we have read and understood the Terms of the HERON RESOURCES LIMITED Shareholders' Share Purchase Plan;
2. Agree to be bound by the terms of the HERON RESOURCES LIMITED Shareholders' Share Purchase Plan and the Company's Constitution.
3. Agree to accept any lesser number of new shares than the number of new shares applied for; and
4. Certify that the amount of shares subscribed for by me/us pursuant to the HERON RESOURCES LIMITED Shareholders' Share Plan (being a maximum of \$5,000 worth of shares) does not exceed \$5,000, taking into account the shares the subject of this application and any other shares applied for by me/us under the SPP or any similar arrangement within the 12 months prior to this application including joint and other beneficial interests.

INSTRUCTIONS TO COMPLETE APPLICATION FORM

• Completion of Application Form

Insert the total amount of your subscription payment in the box headed "Amount Enclosed". If the amount of your stated payment is a different amount to the actual total of cheques included with this Application Form, the Company reserves the right to either reject your application or accept it in respect of the lesser of your stated subscription amount or your actual payment total. Receipts for payment will not be issued.

Please complete all relevant sections of the Application Form using BLOCK LETTERS.

Please see the instructions below under the heading "Payment" in relation to how you may pay for the new shares subscribed for.

• How to Lodge your Application

The completed Application Form, together with your payment for the full amount of new shares applied for; should be enclosed and returned in the Reply Paid envelope provided with this Application. **This must be received by Security Transfer Registrars or the Company by 5:00pm WST on 23 NOVEMBER 2006.**

The Company's Share Registry is located at the addresses set out below:

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

• Payment

You may pay for the new shares applied for by cheque. Cash payment will not be accepted.

Payments must be made in Australian Currency and cheque(s) must be drawn on an Australian Bank.

Complete cheque details as requested. Cheque(s) must be made payable to "HERON RESOURCES LIMITED" and crossed "not negotiable". Cheque(s) not properly drawn may be rejected. Cheques will generally be deposited on the day of receipt. If cheque(s) are dishonoured the application will be rejected.

• Limitation on Participation

The maximum subscription limitation of \$5,000 will apply even if an Eligible Shareholder has received more than one Application Form (whether in respect of a joint holding or because the Eligible Shareholder has more than one holding under separate share accounts).