

Quarterly Report

December 2009

HIGHLIGHTS

CORPORATE

- \$26.2M cash at bank at 31 December 2009
- Sale of position in Polaris realises an additional \$40M
- Cash at bank is now \$64M

A1 GOLD MINE

- 14.3 metres of decline development completed in December
- 7 Level adit rehabilitation progressing to plan
- Resource mapping, underground drilling and sampling to commence in February

KALGOORLIE NICKEL PROJECT

- KPMG and Satori Investments appointed to advise on KNP partner search
- Data room established and Information Memorandum dispatched
- Internal PFS revision generating significant project enhancements

YERILLA NICKEL PROJECT

- Ningbo Shanshan Co Ltd (Shanshan) commissioned the pilot plant

EXPLORATION

- Nickel sulphides intersected in drilling at Avoca Downs and Kalpini
- Versatile Time Domain Electro Magnetic (VTEM) survey completed at Rocky Gully Nickel Sulphide project
- VMS system identified and mapped at Mt Zephyr – VTEM planned



Miners working in the 7 Level Adit, A1 Gold Mine

A1 GOLD MINE

A1 GOLD MINE (HERON OPTION TO PURCHASE 100%)



Location of A1 Gold Mine

A two year option to purchase the A1 Gold Mine was entered into on 13 August 2009. During the option period the Company will evaluate the feasibility of recommencing production from the mine. Evaluation will be by mapping and sampling historic workings to the 14 Level, 18,000m of diamond drilling, bulk sampling and metallurgical test work. The A1 produced 450,000 ounces of gold from 1861 to 1992 predominantly from high grade quartz reefs hosted in a mafic dyke. During production, zones of lower grade stock work mineralisation were demonstrated to exist. Heron believes these stock works, many of which can be accessed from existing workings, provide a viable target for mechanised mining which can be supplemented by hand held mining of the high grade reefs. Gold mineralisation is reported to be free milling with high recoveries of gold by gravity concentration.

SURFACE INFRASTRUCTURE

Grid power will be connected to the site in January 2010

During the quarter surface infrastructure consisting of the mine office, change rooms, mine workshops and core handling facilities were installed. Surface infrastructure is 95% complete with only final layout of core handling facilities outstanding.

The mine is serviced by grid power and public road to the front gate and fresh water in the historic workings. Grid power will be connected to the site in January 2010 by the electrical regulator. In the interim site generators are providing power for surface and underground work. At the end of January Heron's site management team and the mining contractor were fully established. The underground drilling contractor is preparing to mobilise.

DECLINE DEVELOPMENT



Decline Portal

The first decline blast was held on 7 December 2009 and a total advance of 14.3 metres of development was achieved to the end of the quarter. By late January a total of 78 metres of development had been completed. Target monthly decline development is 125 metres and total decline development required for the evaluation is 2000 metres. The decline is 3.5m x 3.5m in cross section which will be suitable for mine production haulage as well as mine access. During the evaluation period, the decline will be driven to the 14 Level, a distance of 300 metres vertical from the portal, close to the 7 Level adit.

7 LEVEL ADIT



Stockworks and ladder veins

DRILLING

The 7 Level adit was previously used as the main production haulage way and is now being refurbished to provide access to the A1 internal shaft for dewatering and access to the 8 Level and above for mapping and sampling of the historic workings.

Entry to the underground workings has shown that ground conditions in the host dyke are good. This will allow for acceleration of the geological evaluation program.

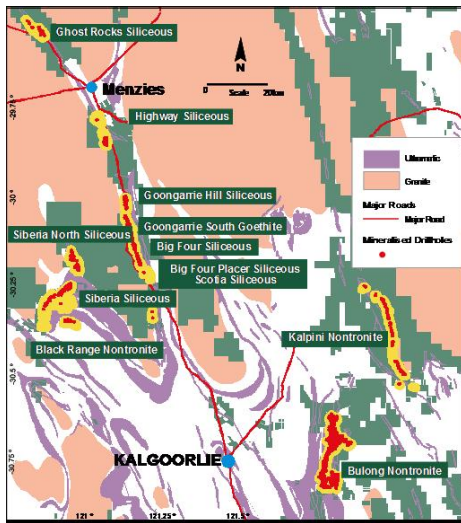
During the evaluation period 18,000 metres of diamond drill core drilling is scheduled from both the decline and the historic workings. Drilling will be approximately 9,000 metres per annum and will identify the location and dimensions of gold bearing stock works and reefs. A portion of drilling will target extensional mineralisation not accessible from existing workings. The A1 Dyke south of the A1 South Shaft and the northern extensions of mineralisation on 10 to 14 Levels are examples of these targets.

GEOLOGICAL MODELLING

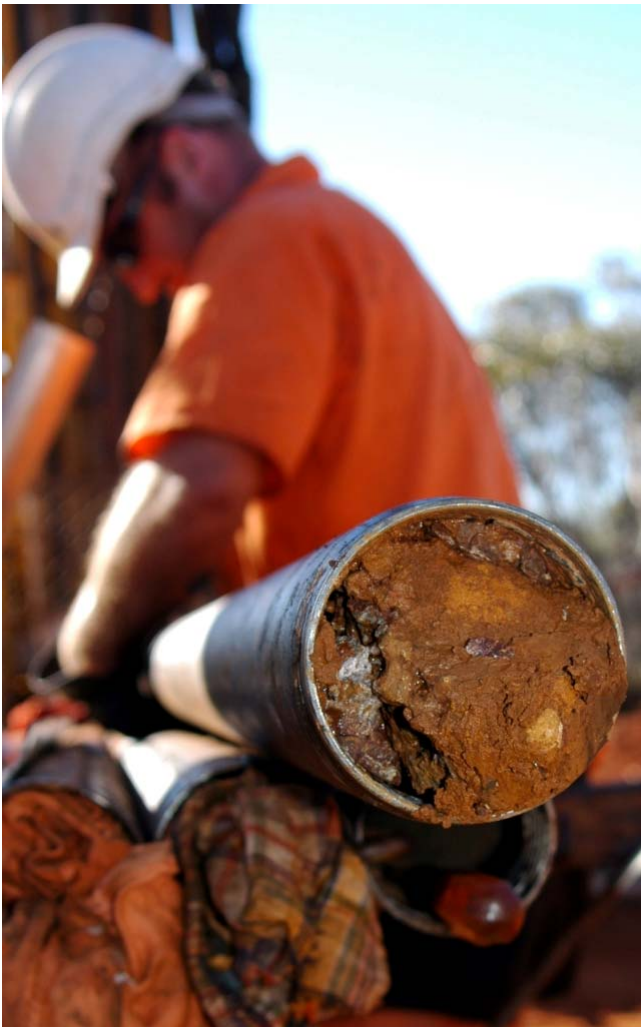
During the quarter all available geological data to the 14 Level were digitised, validated and compiled in a three dimensional geological model. This data included underground diamond drilling from the 1980s and available face sampling. This work confirms Heron's assessment of the potential of the mine. The geological model is important to identifying targets for assessment and compiling results to determine available resources. As mapping and face sampling progresses these will be combined with the drill data to provide the basis for resource estimates and mine planning.

KALGOORLIE NICKEL PROJECT

KALGOORLIE NICKEL PROJECT (KNP) (HERON 100%)



Kalgoorlie Nickel Project- location and deposits



PARTNER SEARCH

KPMG in Perth and Satori Investments based in Shanghai were appointed in August to assist the company with a new partner search for the KNP. An Information Memorandum on the project has been distributed to potential investors and a data room created. A number of parties have signed confidentiality agreements and have been active in the data room assessing the project.

INTERNAL REVISION OF PFS

RESOURCES

During the quarter Heron announced the completion of updated mineral resource estimates for five nickel laterite deposits that form part of the KNP. The total combined resource base of the KNP has been updated to 959.0 million tonnes grading 0.74% nickel and 0.045% cobalt.

These estimates have been classified as Measured, Indicated and Inferred Mineral Resources in accordance with the JORC Code (JORC2004). The estimates supersede the previous resource estimates for the Goongarrie South and Siberia North prospects (2007), Highway and Goongarrie Hill prospects (2008), and the Big Four prospect (2004). The new resource estimates for the Highway, Goongarrie Hill, Goongarrie South and the Big Four prospects have been prepared in-house by Heron's specialist resource geologist, while the estimate for the Siberia North prospect has been prepared by Snowden Mining Industry Consultants (Snowden) with technical input from Heron.

The impact of these improved estimates is a decrease in tonnes by 3% with a commensurate increase in grade of 3% and a resultant small increase in the amount of contained metal. Categorisation of the new resource estimates has resulted in reclassification of portions of the resources from Indicated to Inferred categories, reflecting industry standards in classification of laterite resources, primarily relating to drill-hole spacings in the relevant deposit.

The estimation methodology is identical to that used by Heron for the Yerilla Project, which methodology has been validated against trial mining.



The new estimates for the Goongarrie Hill, Goongarrie South, Siberia North and Highway prospects incorporate additional RC drilling data and RC drilling at the Big Four prospect completed in 2006 for which no formal updated resource estimate has been generated until now.

Nickel and cobalt resources were initially estimated by ordinary kriging into parent blocks with dimensions selected based on the drill hole spacing and analysis of mineralisation continuity at each of the prospect areas (parent block dimensions noted in resource tabulations below). Kriged MgO, FeO, Al₂O₃, SiO₂, CaO, Mn, and Cr estimates were also completed and used to assign geochemical material type coding into the resource models and to calculate ore processing parameters.

A second resource estimate for nickel was generated by uniform conditioning using selective mining unit (SMU) dimensions of 10mE by 10mN by 4mRL in order to produce an estimate of the tonnage and grade recoverable by selective mining once close spaced drilling (grade control) is carried out during future mining. This methodology provides a greater level of detail for mine optimisation purposes. The uniform conditioning estimate for nickel and ordinary kriged estimates for the other elements form the basis of the updated mine optimisation study which commenced in late October 2009 and will be completed by end of January 2010.

TABLE 1 - MINERAL RESOURCE ESTIMATES FOR TOTAL KNP PROJECT AREA (0.5% NICKEL CUT-OFF GRADE)

Region	Prospect	Million Tonnes	Ni %	Co %	Resource Category	Estimation Method	Estimate Source	Study Period
Goongarrie	Goongarrie South	5.6	1.11	0.107	Measured	Recoverable	Heron	Post PFS
	Goongarrie South	48	0.85	0.067	Indicated	Recoverable	Heron	Post PFS
	Goongarrie South	47	0.69	0.035	Inferred	Recoverable	Heron	Post PFS
	Highway	52.7	0.72	0.039	Indicated	Recoverable	Heron	Post PFS
	Highway	40.4	0.7	0.038	Inferred	Recoverable	Heron	Post PFS
	Goongarrie Hill	66.6	0.67	0.031	Inferred	Recoverable	Heron	Post PFS
	Big Four	40.4	0.77	0.049	Indicated	Recoverable	Heron	Post PFS
	Big Four	13.5	0.71	0.045	Inferred	Recoverable	Heron	Post PFS
	Scotia	11.2	0.77	0.08	Inferred	Krige	Snowden	Pre PFS
	Sub-total	325.4	0.74	0.045				
Siberia	Siberia South	111.8	0.65	0.035	Inferred	Krige	Snowden	Pre PFS
	Siberia North	15.6	0.71	0.04	Indicated	Recoverable	Snowden	Post PFS
	Siberia North	75.9	0.73	0.033	Inferred	Recoverable	Snowden	Post PFS
	Black Range	20.4	0.75	0.102	Inferred	Krige	Snowden	Pre PFS
	Ghost Rocks	47.3	0.66	0.042	Inferred	Krige	Snowden	Pre PFS
		Sub-total	271	0.69	0.041			
KNP West	Total	596.4	0.71	0.043				
Bulong	Main	85.5	0.86	0.053	Indicated	Krige	Snowden	Pre PFS
	Main	141.7	0.75	0.045	Inferred	Krige	Snowden	Pre PFS
	East	14	0.89	0.046	Indicated	Krige	Snowden	Pre PFS
	East	28.8	0.79	0.053	Inferred	Krige	Snowden	Pre PFS
		Sub-total	270	0.8	0.048			
Hampton	Kalpini	76.4	0.73	0	Inferred	Krige	Snowden	Pre PFS
	Rebecca	16.2	0.94	0.1	Inferred	End Area	Heron	Pre PFS
		Sub-total	92.6	0.77	0.045			
KNP East	Total	362.6	0.79	0.048				
KNP	Grand Total	959	0.74	0.045				

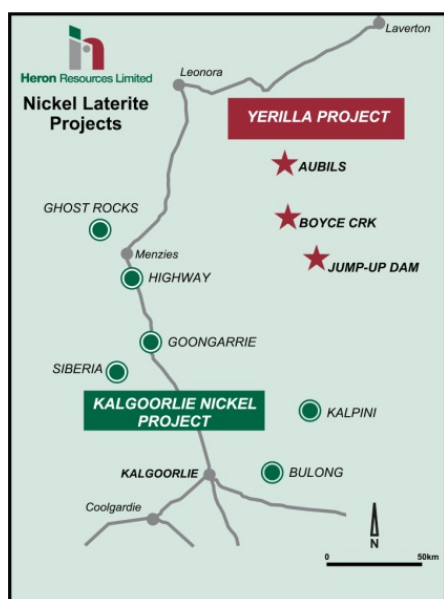
METALLURGICAL REVIEW

The metallurgical review looked at optimising formulae by which beneficiation and acid consumption of the various ore types can be determined. Incremental improvements were calculated in comparison to the initial PFS data. These formulae have been applied in the optimisation of the individual pits.

MINING STUDY

Pit optimisation and mine scheduling has been undertaken from first principles utilising the new resource estimates and improved metallurgical information. This study is drawing to a close. Preliminary data is encouraging in terms of scale and stability of predicted output, which enhances the project. A report will be prepared during the March quarter which uses the new mine schedule and revised costs to further evaluate the financial parameters of the project.

YERILLA NICKEL COBALT PROJECT



In May 2009 Shanshan Ningbo (Shanshan), a company listed on the Shanghai stock exchange entered into an agreement where they could earn 70% in the Yerilla Project by completing construction and commissioning of a mining and processing operation on site at Yerilla. Shanshan are funding all test work, feasibility and construction.

The first stage of this work is a pilot plant which was commissioned during December. Shanshan is managing the piloting, studies and construction.

Shanshan has introduced new technology which involves segregation of the nickel and cobalt into its metallic form through kiln roasting. The nickel and cobalt are recovered by a series of magnetic separation steps. This has been successfully completed at the laboratory scale. The grade of concentrate and recovery are very sensitive to the atmospheric conditions in the kiln. With the change in equipment from laboratory to pilot scale strategies are being developed to manage the pilot kiln to endeavour to replicate the optimised laboratory test work conditions. Shanshan's pilot plant team are working on this ahead of commencing piloting of the Heron ore.

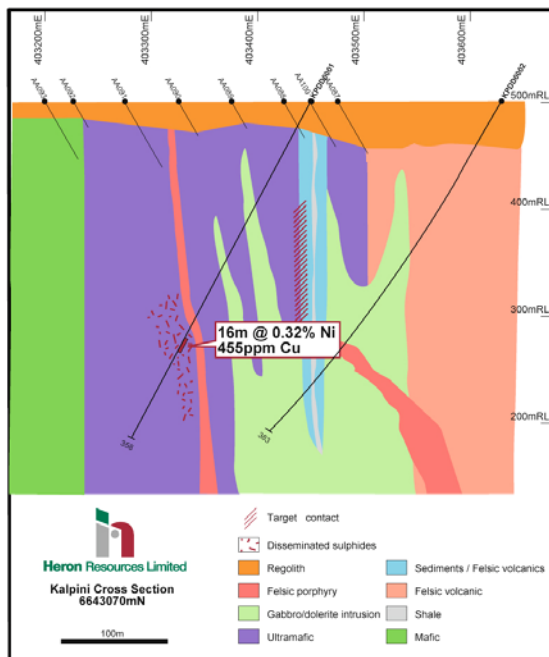
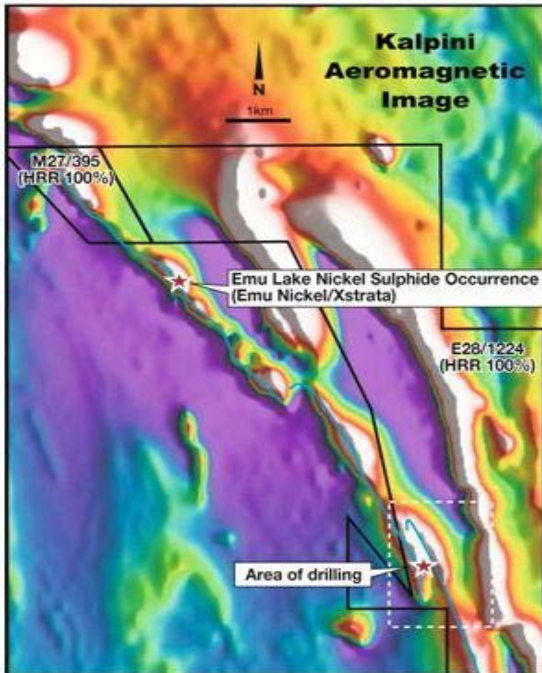
Heron's senior metallurgist and consulting engineers visited the pilot plant during December to observe the plant operation and review procedures for piloting Heron ore.

Late in December, while running with third party commissioning ore, the gas capture and recycle section of the pilot plant was temporarily shut for maintenance.

Piloting of Heron ore is expected to commence during the March quarter.

EXPLORATION PROJECTS

Kalpini Nickel Project



At the Kalpini Nickel Project, located 70 kilometres north-east of Kalgoorlie, three holes for 1,076 metres of diamond core were completed. Drilling targeted the basal contact of an ultramafic flow 5 kilometres south, along strike from the Emu Lake nickel sulphide occurrence where Emu Nickel Limited has recently reported several high-grade (+5% nickel) narrow massive sulphide diamond drill intercepts.

Heron's KPDD01 intersected 16 metres of disseminated nickel, copper and iron sulphides making up to 5% of the rock adjacent to a contact with a felsic porphyry unit. This intersection returned 16 metres @ 0.32% Ni and 0.5% Cu

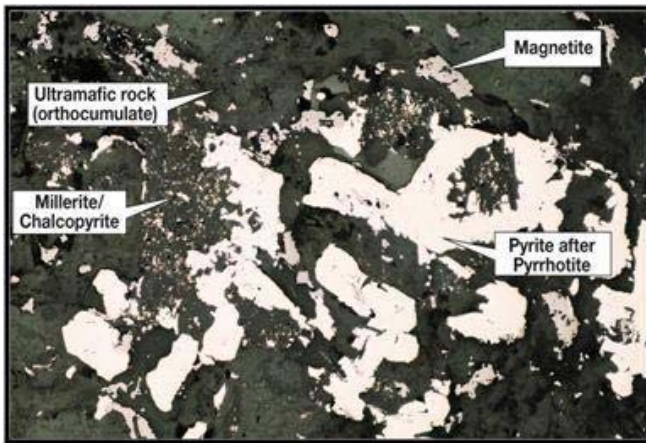
This result is encouraging since in the Eastern Goldfields disseminated sulphides often occur in proximity to massive sulphides at the base of ultramafic flows. Further work is being undertaken to follow-up this result including down-hole electro-magnetic surveying and litho-geochemical studies which can provide vectors to massive sulphide mineralisation. Further drilling will be undertaken at Kalpini in the March quarter.

Heron controls 15 kilometres of the prospective horizon with EM coverage restricted to 2 kilometres and only 3 diamond drill holes targeting sulphides.

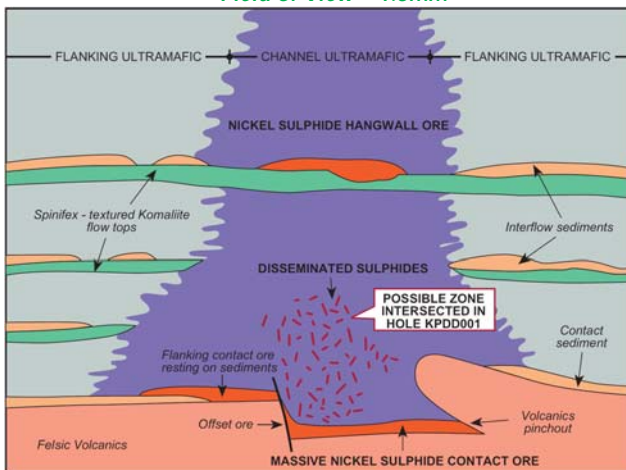
TABLE 2 - DOWN-HOLE NICKEL (NI), COPPER (CU), PLATINUM (PT) AND PALLADIUM (PD) RESULTS FOR THE ZONE OF DISSEMINATED SULPHIDES AT KALPINI

Hole	North	East	From (m)	To (m)	Interval (m)	Ni (%)	Cu (ppm)	Pt (ppb)	Pd (ppb)
KPDD01	6643070	403450	246	262	16	0.32	455	27	60

AVOCA DOWNS NICKEL PROJECT



*Photo of disseminated sulphides in KPDD01 Aggregate of pyrite, millerite and chalcocopyrite in interstitial spaces of the ultramafic rock
Field of View = 1.3mm*



adapted from Cowden 1988

Nickel Sulphide Exploration Model – Showing Possible Relationship of Disseminated Sulphides and Massive Sulphide zones

At the Avoca Downs Nickel Project, located 80km east of Kalgoorlie, assay results for diamond core drilling were received. Three holes for a total of 420m were completed.

As reported during the quarter, the diamond drilling intersected several thin (<20cm) stringers of massive sulphide mineralisation within an ultramafic unit. Assays for this sulphide stringer zone confirm that nickel and copper sulphides are present with results up to 0.97% nickel and 0.78% copper (with associated elevated platinum and palladium). The key intervals for these results are shown in the Table below.

The Avoca Downs Nickel Project comprises a large ground package wholly owned by Heron and future work will focus on placing these drilling results in a broader regional context and identifying key areas for follow-up work. The stringers of massive sulphide appear to be remobilised along a fold hinge and future work will aim to map out this hinge zone and identify zones where the primary massive sulphides have accumulated.

TABLE 3 - SELECTED DOWN-HOLE NICKEL (Ni), COPPER (Cu), PLATINUM (Pt) AND PALLADIUM (Pd) RESULTS FOR SULPHIDE STRINGERS IN AVOCA DOWNS DIAMOND CORE DRILLING

Hole	North	East	From (m)	To (m)	Interval (m)	Ni (%)	Cu (%)	Pt (ppm)	Pd (ppm)
ADD02	6585405	435306	61.17	61.4	0.23	0.81	0.26	0.11	0.48
ADD02	6585405	435306	62.17	62.38	0.21	0.53	0.78	0.09	0.44
ADD02	6585405	435306	62.49	62.61	0.12	0.97	0.22	0.19	1
ADD02	6585405	435306	62.8	62.93	0.13	0.47	0.05	0.07	0.38
ADD02	6585405	435306	65.44	65.62	0.18	0.53	0.24	0.1	0.43

ROCKY GULLY NICKEL PROJECT



Helicopter taking off for VTEM Survey at Rocky Gully

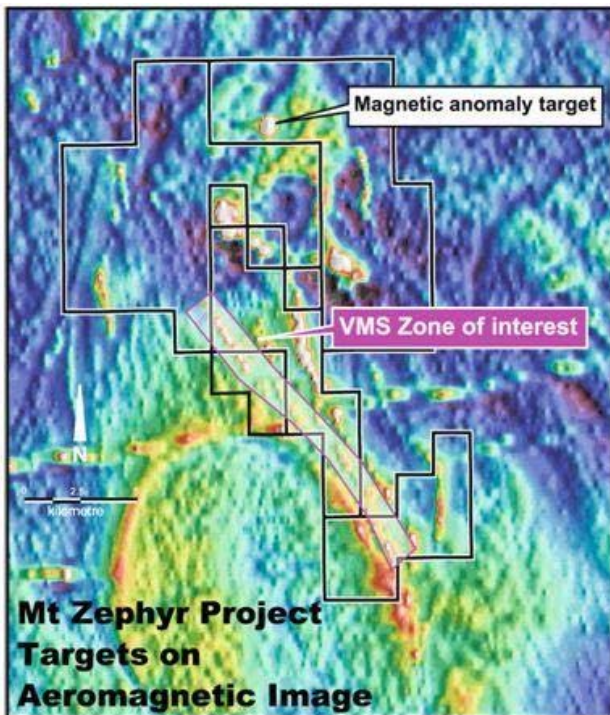
The Company has recently flown a VTEM survey (100 metre spacing with 574 line kilometres) at the Company's wholly owned Rocky Gully nickel project, located 80 kilometres north west of Albany Western Australia. The survey covered the zones of known mafic/ultramafic bodies where disseminated nickel sulphides were previously found in drilling by the Company. The survey also covered a further large nickel/copper geochemical anomaly that had recently been delineated by the Company.

The data from the survey has recently been received by geophysical consultants and processing and interpretation are underway.

The VTEM technique identifies conductive bodies in the earth's crust to approximately 200-300 metres. Nickel sulphides are conductive and may produce anomalies in the electromagnetic conductivity.

The interpretation underway will identify and prioritise any anomalies, proposing drill holes to test for the presence of nickel sulphides. Generally massive nickel sulphides are conductive, disseminated sulphides are not. Barron sulphides and black shales are also conductive and the most common source of false anomalies.

MT ZEPHYR BASE METAL PROJECT



The Company's wholly owned Mt Zephyr volcanogenic massive sulphide (VMS) Project is located 65 kilometres north west of Leonora. Pegging and recent acquisitions have secured for the Company a land holding in the area in excess of 170 square kilometres covering the prospective settling. The area contains a VMS occurrence delineated in the 1980s over some 8 kilometres of strike which has similarities to the Jaguar/Teutonic Bore VMS deposits owned by Jabiru Metals Limited, located some 60 kilometres to the west. The historical data has been compiled with several copper and zinc geochemical anomalies remaining un-drilled. The Company is looking to advance the project through detailed airborne geophysical programs, followed by drill testing of targets.

In addition to the VMS targets the Company has identified a discrete (600 metres long) magnetic anomaly in the north of the project area where percussion drilling in 1971 identified an ultramafic body under some 50 metres of cover with associated anomalous nickel and copper assays. The Company is modelling this anomaly and planning a diamond hole to effectively test the target at depth for massive nickel sulphide mineralisation

During the December quarter Mineral Resources Limited (MRL) was successful in its takeover of Polaris Metals NL.

In August Heron entered into a Pre-bid Agreement with MRL which facilitated initiation of the bid. The final consideration for the offer was one MRL share plus \$1.01 for every 10 Polaris shares. Heron accepted for its remaining stake on 14 December 2009.

On 15 January 2010 Heron sold its resulting MRL shares netting \$37.9 million and bringing the total consideration for the Company's Polaris holding to in excess of \$40 million.

The Company now holds total cash of \$64 million and is well placed to pursue new opportunities in the resources sector both domestically and overseas.

JORC Compliance Statements



Mathew Longworth
Managing Director

The information in this report that relates to Mineral Resources is based on information compiled by James Ridley who is a Member of the Australasian Institute of Mining and Metallurgy. James Ridley is a full time employee of Heron Resources Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the resource estimation activities undertaken to qualify as Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. James Ridley consents to the inclusion in this report of the matters based on his information in the form and context that it appears. Note that Mineral Resources that are not Ore Reserves do not have demonstrated viability.

The information in this report that related to Exploration is based on information compiled by David von Perger who is a member of Australian Institute of Mining and Metallurgy. David von Perger is a full time employee of Heron Resources Limited. David von Perger has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the exploration activity that he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. David von Perger consents to the inclusion in this report of the matters based on his information in the form and context that it appears.

About Heron

Heron is a mineral resources development company with interests in nickel and gold located in the Eastern Goldfields of Western Australia and eastern Victoria.

Heron's gold interests include the A1 Gold Mine in Victoria where it is evaluating the reopening of this large historic mine. Heron holds a two year option to purchase the A1 Gold Mine. This project offers Heron the opportunity for near term cash flow developed through the Company's cash reserves and it has several potential advantages including low capital and operating costs and a competitive entry cost.

The Kalgoorlie Nickel Project (KNP) is one of the largest undeveloped nickel laterite projects in the world. Heron is currently seeking a partner to assist developing this project. The KNP has several advantages including a large resource base, access to supporting infrastructure and low sovereign risk.

The Yerilla Nickel Cobalt Project is located 140 kilometres north east of Kalgoorlie, where Heron's partner Shanshan Ningbo is undertaking piloting of Shanshan's technology as part of a feasibility study into developing this project.

Heron has a well credentialed project team leading its advanced stage evaluations.

Heron is debt free and holds \$64 million in cash, ensuring the Company is well placed to pursue other development opportunities in the resources sector both domestically and abroad.

1.12 Total operating and investing cash flows (brought forward)	(2,625)	(6,051)
Cash flows related to financing activities		
1.13 Proceeds from the issue of shares, options, etc.	2,711	2,711
1.14 Proceeds from the sale of forfeited shares		
1.15 Proceeds from borrowings		
1.16 Repayment of borrowings		
1.17 Dividends paid		
1.18 Other (provide details if material)		
Net financing cash flows	2,711	2,711
Net increase (decrease) in cash held	86	(3,340)
1.19 Cash at beginning of quarter/year	26,131	29,557
1.20 Exchange rate adjustments		
1.21 Cash at end of quarter	26,217	26,217

Payments to directors of the entity and associates of the directors, payments to related entities of the entity and associates of the related entities

	Current Qtr \$A'000
1.22 Aggregate amount of payments to the parties included in item 1.2	271
1.23 Aggregate amount of loans to the parties included in item 1.10	

1.24 Explanation necessary for an understanding of the transactions

Directors fees, salaries and superannuation (A\$253,718).
Provision of office accommodation by director-related entity (A\$16,170).
Provision of legal advice by director related entity (A\$690)

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Heron accepted the Mineral Resources offer for all of its shares in Polaris Metals. The market value of the Mineral Resources shares received was \$36.3 million.

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

See attached schedule

Financing facilities available

Add notes as necessary for an understanding of the position

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,500
4.2 Development	900
4.3 Production	
4.4 Administration	1,800
Total	6,200

Reconciliation of cash

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

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	180	150
5.2 Deposits at call	25,389	25,350
5.3 Bank Overdraft		
5.4 Other (provide details)		
Property Rental bond	65	63
Environmental bonds	510	497
Escrow Accounts	73	71
Total: cash at end of quarter (Item 1.21)	26,217	26,131

Changes in interests in mining tenements

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

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (\$)	Amount paid up per security (see note 3) (\$)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during Quarter (a) Increases through share issues (b) Decreases through returns of capital, buybacks, redemptions				
Ordinary securities	252,985,787	252,985,787		
7.3 Changes during Quarter * (a) Increases through share issues (b) Decreases through returns of capital, buybacks	12,046,940	12,046,940		
7.4 Convertible debt securities <i>(description)</i>				
7.5 Changes during Quarter (a) Increases through issues (b) Decreases through securities matured, converted				

7.6 Options <i>(description and conversion factor)</i>			<i>Exercise Price</i>	<i>Expiry Date</i>
	950,000	Nil	\$0.6864	1/06/2010
	5,000,000	Nil	\$0.6864	7/09/2010
	1,050,000	Nil	\$0.6864	1/11/2010
	5,000,000	Nil	\$0.6864	7/09/2016
	2,750,000	Nil	\$1.4864	31/12/2015
	100,000	Nil	\$1.38	30/06/2011
	100,000	Nil	\$1.48	30/06/2011
	100,000	Nil	\$1.54	30/06/2011
	1,500,000	Nil	\$1.00	05/06/2012
	2,500,000	Nil	\$1.50	05/06/2013
	3,500,000	Nil	\$2.00	05/06/2013
	5,250,000	Nil	\$2.50	05/06/2014
	100,000	Nil	\$1.48	02/01/2012
	100,000	Nil	\$1.50	02/01/2012
	4,818,776	Nil	\$0.30	09/06/2014
	2,600,000	Nil	\$0.25	25/06/2012
	4,200,000	Nil	\$0.425	25/06/2014
7.7 Issued during Quarter				
7.8 Exercised during Quarter				
7.9 Expired during Quarter				
7.10 Debentures (totals only)				
7.11 Unsecured notes (totals only)				

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

1. Bronzewing Gold NL (Bronzewing) may earn a 70% interest in precious metals from Heron's King of Creation Project through expending \$250,000 within four years. This agreement has been assigned to A1 Minerals Limited.
2. Epsilon Energy Limited may earn a 51% interest in all Mineral Rights for tenements in the Balladonia West area through expenditure of \$275,000 including \$75,000 on drilling to test lignite as well as securing a partner to develop the lignite resources.
3. Southern Gold Limited may earn an initial 51% interest in three tenements comprising Heron's Bulong South Project through expenditure of \$120,000 over a two year period from October 2009.
4. Ningbo Shanshan Co Ltd, may earn a 70% interest in the Company's Yerilla Project by sole funding construction and commissioning of the Project to an agreed capacity following a positive feasibility outcome. The agreement is subject to Australian and Chinese regulatory approvals.

6.1 Interests in Mining Tenements transferred, relinquished, reduced or lapsed. (includes tenements that have lapsed and/or expired that may have subsequent Heron tenement in place)

Tenement	Nature of Interest	% Beginning of Quarter	% At end of Quarter
P25/01049	Registered Holder	100	0
P25/01050	Registered Holder	100	0
P25/01051	Registered Holder	100	0
P25/01726	Registered Holder	100	0
E28/01905	Registered Holder	100	0
E28/01906	Registered Holder	100	0
E25/00400	Registered Holder	100	0
E28/01920	Registered Holder	100	0
E27/00094	Registered Holder	100	0
P15/04733	Registered Holder	100	0
P28/01175	Registered Holder	100	0
P28/01176	Registered Holder	100	0
P28/01177	Registered Holder	100	0
P28/01178	Registered Holder	100	0
P28/01179	Registered Holder	100	0
M24/00690	Registered Holder	100	0
E52/02310	Registered Holder	100	0
E28/01310	Registered Holder	100	0
E29/00563	Registered Holder	100	0
E27/00408	Registered Holder	100	0
E27/00306	Registered Holder	100	0
P27/01707	Registered Holder	100	0
P27/01708	Registered Holder	100	0
P27/01709	Registered Holder	100	0
P27/01710	Registered Holder	100	0
E80/03531	Registered Holder	100	0
E31/00529	Registered Holder	100	0
E63/00711	Registered Holder	100	0

6.2 Interests in Mining Tenements acquired or increased

Tenement	Nature of Interest	% Beginning of Quarter	% At end of Quarter
E52/02490	Registered Applicant	0	100
E52/02491	Registered Applicant	0	100
E28/01985	Registered Applicant	0	100
E39/01509	Registered Applicant	0	100
E28/01986	Registered Applicant	0	100
E15/01173	Registered Applicant	0	100
E37/01045	Registered Applicant	0	100
E80/04391	Registered Applicant	0	100
M29/00409	Registered Applicant	0	100