



Shareholders question the Managing Director

Mat Longworth

Heron has recently updated the resource estimate for the Kalgoorlie Nickel Project (KNP). What difference does this make in the attractiveness of the KNP to a potential investor?

The new update included drilling that was not available to Vale at the time they completed the previous estimate. The resources are based on a methodology that provides a better estimate of

the recoverable grade and tonnes. This has resulted in the small but significant increase in grade, from 0.72% to 0.74% Nickel. This is a method that was developed for Jump-up Dam and has been reconciled against trial mining at that project.

For a potential investor this means we have the most robust estimate for the data available. The slight increase in grade will work its way through the beneficiation estimation and into the optimizations for the individual pits and into the new mining schedule. This will improve the attractiveness of the project overall. Demonstrating Heron's ability to add value to the project through our technical team.

How is the search for a joint venture partner progressing for the KNP and how far afield are you searching?

We are undertaking a worldwide search for a partner, and while its early days we are quietly encouraged by the renewed interest shown in Nickel Laterite Projects.



Heron Explorer

A quarterly communication from Heron Resources, keeping you informed of our latest projects, initiatives and business opportunities.

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Managing Director
Mat Longworth

Heron's investment in Polaris was \$16.5 million as at 30 June 2008. In the battle to assume control of Polaris Metals, what is the likely increase in benefit to Heron when the deal is finalized?

The corporate activity surrounding Polaris still has a way to play out however based on the current offers Herons interest is worth \$36 million as at close on 19th of November. As the Mineral Resources Bid is unconditional we are able to complete on the share based portion of our holding, and we are due to receive Mineral Resources shares for the committed portion of our Polaris shares. It is important to note that Heron still participates for our full holding in any improved offers Mineral resources makes and we still have 9.4% of Polaris stock and options uncommitted.

How strong is Heron's commitment to the Goldfields considering it has commenced operations at the A1 Gold Mine in Victoria?

Heron has two major projects located in the Eastern Goldfields being the KNP and the Yerilla project; we are currently evaluating a range of other projects located in the Goldfields and around the world. The Goldfields remains an important part of our operations.

Where do you think the gold price is heading and will the A1 Mine be able to produce gold at a profit if the gold price falls?

Just as I dodged making a forecast on the nickel price I won't forecast where the gold price may go. We are seeing unprecedented \$US gold prices in part due to weakness in the US dollar and inflation fears based on the realization that the US has to fund their multi trillion

dollar stimulus package. These prices have translated into improved Australian Dollar gold prices.

If the A1 resources live up to our expectations and are easily treatable by gravity concentration recovery, the A1 will be robust at sub USD\$500 gold prices. The key to making money from the A1 is to minimize dilution and maximise grade through the plant. We believe this is possible and our current evaluation is designed to quantify this.

Looking back on 2009 what strategies did Heron put in place to protect itself from the downturn?

Heron was exceptionally fortunate that it had a strong cash position going into the last 12 months and it was not committed to development with high costs and debt. We reduced discretionary expenditure rapidly while retaining our team to form the basis for strong expansion in the upswing. The company is well placed to take advantage of the opportunities for growth by developing our nickel projects in partnership, and our current gold project within our own financial capacity, we maintain a strong business development and exploration focus.

What does 2010 hold for Heron?

We expect to see significant progress with our projects, and possibly an additional development project, we are looking for exploration success.



Heron Resources Limited