20 October 2010

Dear Shareholder,

Please find attached the 2010 notice of Annual General Meeting, Explanatory Statement and Proxy Form. Please also find enclosed an Annual Report if you elected to receive a hard copy of the Annual Report when asked by the Company.

The Annual Report is also available on the Company’s website www.heronresources.com.au for download or viewing online.

As highlighted in the Annual Report the Company’s major achievements during the year include:

- High Grade gold drill results from the A1 Gold Mine in eastern Victoria
- Confirmation of a Volcanogenic Massive Sulphide (VMS) mineralisation system at Mt Zephyr
- 100% Management and restructuring of the KNP to focus on the core project
- Cash at 30 June 2010 of $56.6 million
- Very active Business Development focus.

I would also like to note that Mr Ken Hellsten intends to resign as a Director of the Company effective from close of this year’s AGM. On behalf of the Company I would like to thank Ken for the enormous contribution he has made to the Board and Company during his time as a Director and wish him well in his future endeavours.

We thank you for your support and look forward to the coming year.

Yours faithfully

Mathew Longworth
MANAGING DIRECTOR
HERON RESOURCES LIMITED
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NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY STATEMENT
AND
PROXY FORM

For the Annual General Meeting to be held on
Friday, 19 November 2010 at 2.00 pm Western Standard Time
at The Celtic Club,
48 Ord Street,
West Perth, Western Australia

This is an important document. Please read it carefully. If there is any matter that you do not understand you should contact your financial adviser, stockbroker or solicitor.
Notice is given that the Annual General Meeting of Shareholders of Heron Resources Limited ("Heron" or the "Company") will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia at 2.00 pm WST on Friday, 19 November 2010.

AGENDA

Financial Statements and Reports

“To receive, consider and adopt the Financial Statements of the Company, together with the Directors’ Declaration, the Directors’ Report and Auditor’s Report, for the year ended 30 June 2010.”

There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor’s Report.

1. Resolution 1 – Re-election of Craig Readhead as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“To elect as a Director, Mr Craig Readhead, who retires by rotation in accordance with the Company’s Constitution and, being eligible, offers himself for re-election.”

2. Resolution 2 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for all purposes, Shareholders adopt the Remuneration Report set out in the Directors’ Report for the year ending 2010.”

Please note that the vote on this resolution is advisory only, and does not bind the Directors or the Company. The Chairman will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the Remuneration Report.
Explanatory Statement

The Explanatory Statement accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice of Annual General Meeting and Explanatory Statement.

Proxies

Please note that:

(a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;

(b) a proxy need not be a member of the Company; and

(c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

“Snap-shot” Time

The Company may specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the meeting.

The Company’s Directors have determined that all Shares of the Company that are quoted on ASX at 5.00pm WST on 17 November 2010 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative.

By Order of the Board of Directors

CRAIG READHEAD
Chairman
20 October 2010
1. Introduction

The Explanatory Statement has been prepared to provide Shareholders of Heron Resources Limited ("Heron" or the "Company") with material information to enable them to make an informed decision in relation to the business to be conducted at the Annual General Meeting of the Company to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia at 2.00pm WST on Friday, 19 November 2010.

2. Financial Statements and Reports

The Annual Financial Report, Directors’ Report and Auditor’s Report for the Company for the year ending 30 June 2010 will be laid before the meeting.

In addition to taking questions at the meeting, written questions to the Chairman about the management of the Company, or to the Company’s auditor about:

- the preparation and content of the Auditor’s Report;
- the conduct of the audit;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 12 November 2010 to:

Mr Robert Klug
Company Secretary
Heron Resources Limited
Level 1, 37 Ord Street
West Perth WA 6005
Email: rklug@heronresources.com.au

3. Resolution 1 – Re-election of Craig Readhead as a Director

In accordance with the ASX Listing Rules and the Company’s Constitution, at every Annual General Meeting, one-third of the Directors shall retire from office. The Directors to retire are to be those who have been in office for three years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement. Any retiring Director is eligible for re-election.

Mr Craig Readhead retires by rotation pursuant to the Company’s Constitution and, being eligible, offers himself for re-election.

Information with respect to Mr Craig Readhead is available in the Company’s 2010 Annual Report, at pages 4 and 30.
4. Resolution 2– Adoption of Remuneration Report


The Remuneration Report sets out the Company’s remuneration arrangements for the executive and non-executive Directors and executive employees of the Company.

A reasonable opportunity will be given for the discussion of the Remuneration Report at the meeting. Shareholders should note that the vote on this resolution is advisory only and does not bind the Company or the Directors.
GLOSSARY

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:


“Board” means the Board of Directors of the Company.

“Company” or “Heron” means Heron Resources Limited (ABN 30 068 263 098).

“Constitution” means the constitution of the Company.

“Corporations Act” means the Corporations Act 2001 (Cth) and all regulations made pursuant to such legislation, as amended from time to time.

“Director” means a director of the Company.


“Meeting” means the annual general meeting of Shareholders convened by the Notice of Annual General Meeting to which this Explanatory Statement is attached.

“Share” means a fully paid ordinary share in the capital of the Company.

“Shareholder” means a member of the Company, as defined in the Constitution of the Company.

“WST” means Western Standard Time.
HERON RESOURCES LTD
ABN: 30 068 263 098

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

Box to indicate your voting directions to your Proxy.

Resolution

For Against Abstain*

1. Re-election of Craig Readhead as a Director

2. Adoption of Remuneration Report

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote, please mark "X" in the box.

By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chairperson of the Meeting intends to vote undirected proxies in favour of the resolution.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Reference Number: 4780041183

Code: HRR

Holder Number: HRR

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1
My/Our contact details in case of enquiries are:

NAME

TELEPHONE NUMBER

( )

NOTES

1. Name and Address
   This is the name and address on the Share Register of HERON RESOURCES LTD. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Appointment of a Proxy
   If you wish to appoint the Chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairperson as your Proxy.

   If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of HERON RESOURCES LTD.

3. Directing your Proxy how to vote
   To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. Appointment of a Second Proxy
   You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company’s share registry +61 8 9315 2333 or you may photocopy this form.

   To appoint a second Proxy you must:

   (a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and

   (b) Return both forms in the same envelope.

5. Signing Instructions
   Individual: where the holding is in one name, the Shareholder must sign.

   Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

   Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company’s share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

   Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

   If a representative of the corporation is to attend the meeting then a "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company’s share registry.

6. Lodgement of Proxy
   Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 2.00pm (WST) on Wednesday 17 November 2010, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

Security Transfer Registrars Pty Ltd
PO BOX 535
Applecross, Western Australia 6953

Street Address:
Alexandrea House, Suite 1
770 Canning Highway
Applecross, Western Australia 6153

Telephone +61 8 9315 2333
Facsimile +61 8 9315 2233
Email registrar@securitytransfer.com.au