

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](http://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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**Heron Resources Limited**

**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.

HERON RESOURCES LIMITED  
ABN 30 068 263 098

NOTICE OF ANNUAL GENERAL MEETING

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.

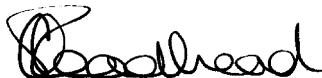
**“Snap-shot” Time**

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

**HERON RESOURCES LIMITED**  
**ABN 30 068 263 098**

**EXPLANATORY STATEMENT**

**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 of the Company for the financial year ending 2010 is set out in the Directors' Report on pages 34 - 36 of the Company's 2010 Annual 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:

<b>“ASX”</b>	means Australian Securities Exchange operated by Australian Stock Exchange Limited (ABN 98 008 624 691).
<b>“Board”</b>	means the Board of Directors of the Company.
<b>“Company” or “Heron”</b>	means Heron Resources Limited (ABN 30 068 263 098).
<b>“Constitution”</b>	means the constitution of the Company.
<b>“Corporations Act”</b>	means the Corporations Act 2001 (Cth) and all regulations made pursuant to such legislation, as amended from time to time.
<b>“Director”</b>	means a director of the Company.
<b>“Directors’ Report”</b>	means the Directors’ Report set out in the 2010 Annual Report.
<b>“Meeting”</b>	means the annual general meeting of Shareholders convened by the Notice of Annual General Meeting to which this Explanatory Statement is attached.
<b>“Share”</b>	means a fully paid ordinary share in the capital of the Company.
<b>“Shareholder”</b>	means a member of the Company, as defined in the Constitution of the Company.
<b>“WST”</b>	means Western Standard Time.





