



Heron Resources Limited

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30 October 2012

Dear Shareholder

AGM Update

You would have recently received the Notice of Meeting for the 2012 AGM.

At the 2011 Annual General Meeting greater than 25% of the votes cast were against the adoption of the 2011 Remuneration Report. This means that there are important consequences if there is a significant "against" vote on the resolution in relation to the adoption of the 2012 Remuneration Report at the 2012 AGM.

The new "two strikes" rule means that if at least 25% of the votes cast on the adoption of the remuneration report at two consecutive annual general meetings are against adopting the remuneration report, Shareholders will have the opportunity to vote on a "spill resolution".

As Heron received a "first strike" for the 2011 Remuneration Report at the 2011 AGM, a "second strike" at the 2012 AGM could result in a Board spill.

For the 2012 AGM, I urge all Shareholders to commit to continued stability for Board and Management:

- Vote "for" Resolution 1, the re-election of Non-executive Director Stephen Dennis.
- Vote "for" Resolution 2, the adoption of the Remuneration Report.
- Vote "against" Resolution 3, the Board Spill Meeting Resolution.

Further information in relation to these resolutions is set out in the Notice of Meeting for the 2012 AGM.

Board and Management

You would have seen from your 2012 Heron Annual Report and recent announcements that there have been some changes at Heron.

Last week we advised of the resignation of Ken Hellsten as a non-executive Director, which has reduced the board to three - Stephen Dennis and myself as Non-executive Directors and Ian Buchhorn resuming the role of Managing Director following the resignation of Jonathon Shellabear.

Through various past divestments, Heron has around \$50 million in cash and shares and a strong portfolio of exploration and development projects. While the past does not dictate the future, Heron is in an enviable position of having the funds, experience, management and determination to consider and pursue many different corporate options.

I hope to see you in person at the 2012 AGM, Celtic Club, West Perth, at 2pm on 16 November 2012. We welcome your input and suggestions at the meeting regarding the Company and its performance.

Yours faithfully,

Craig Readhead

Chairman