

ASX Release 19 December 2012

EXPLORATION UPDATE

ALBANY FRASER MOBILE ZONE and LACHLAN FOLD BELT

Heron Resources Limited (ASX: HRR) is pleased to provide an update on the results of recent exploration carried out at its wholly owned nickel-copper projects in the Albany Fraser Mobile Zone of Western Australia and its copper-gold projects in the Lachlan Fold Belt of New South Wales.

Heron Resources Limited

ASX:HRR

Issued Shares 253M

Share Price \$0.19

Market Cap \$48M

Cash (Sep 2012) \$42M

Albany Fraser Mobile Zone

- Auger soil sampling at the Bedonia nickel-copper project has returned a number of coherent and coincident nickel-copper anomalies.
- Surface EM surveys at the Rocky Gully nickel-copper project have returned a low order, but extensive anomaly that warrants further assessment.

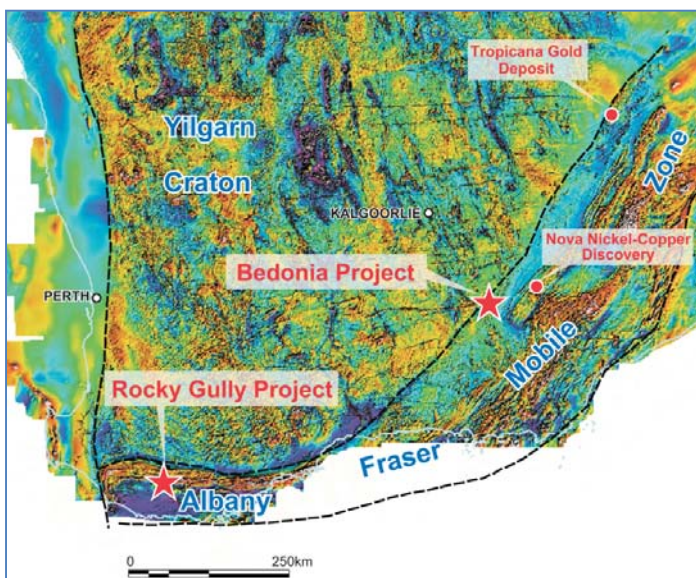
Lachlan Fold Belt

- Auger soil programs are currently underway with results expected in early 2013.
- Additional ground applied for in the Gundagai/Adelong area over historical copper workings, significant copper mineralization in previous drilling.

Albany Fraser Mobile Zone

Bedonia Nickel-Copper Project (Heron 100%)

At the Company's Bedonia project, located 65 kilometres east of Norseman, Western Australia, recent auger sampling has returned encouraging coincident nickel and copper anomalies associated with magnetic anomalies.



The project is located some 60 kilometres west southwest of the Nova nickel-copper discovery (Sirius Resources NL) within the Albany Fraser Mobile Zone (Figure 1). The area is underlain by rocks of the Proterozoic Mount Andrews Migmatite complex where there is potential for nickel-copper deposits associated with late stage mafic-ultramafic bodies. The Heron auger sampling targeted areas of shallower cover over a number of the magnetic highs and returned coherent coincident nickel and copper anomalies (Figures 2 & 3). A number of pathfinder elements also returned anomalous results. The results provide encouragement that there is potential for mineralisation in the area and a surface EM survey is being planned to follow-up both these soil anomalies and also a number of the potential bedrock conductors identified in the historical airborne EM survey.

Figure 1 Location plan on regional aeromagnetics

Figure 2 Bedonia Project nickel auger soil results on aeromagnetic image

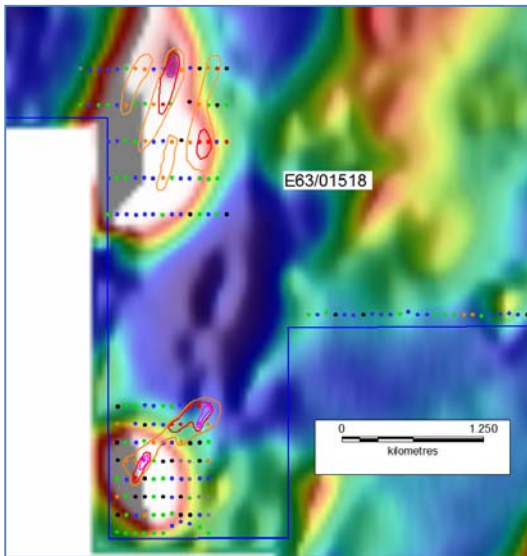
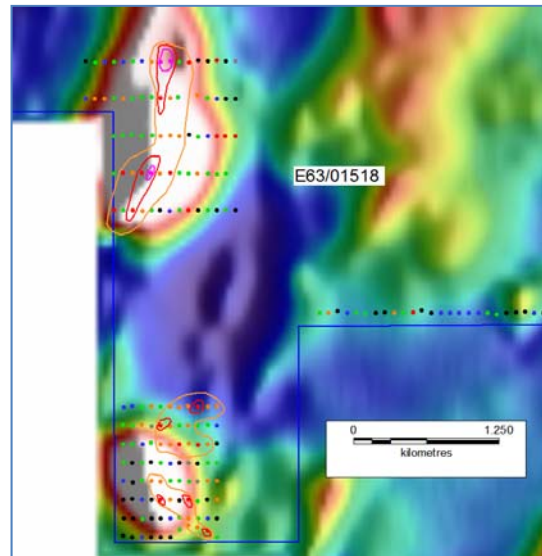


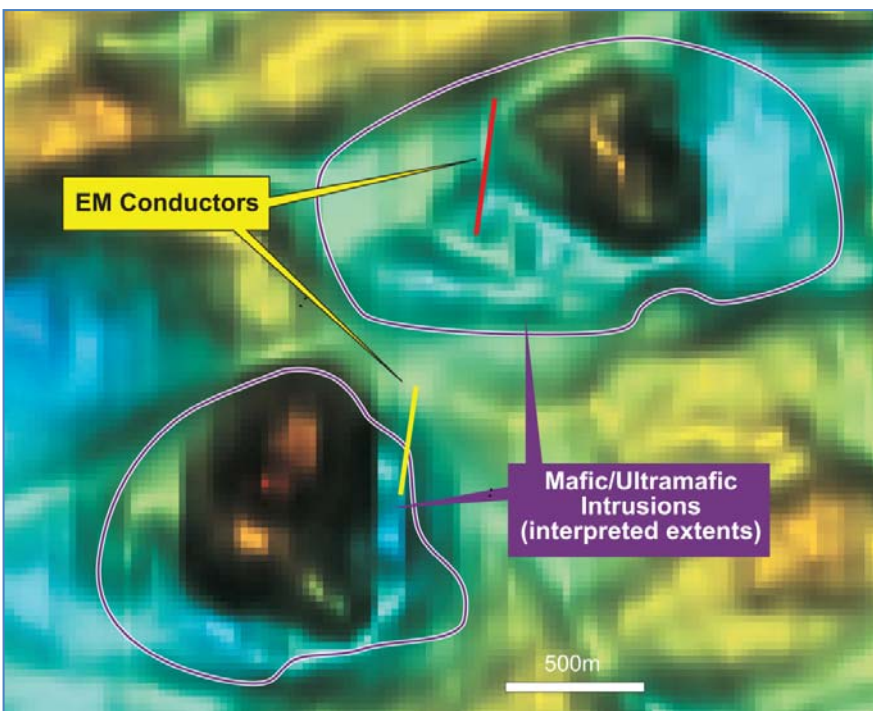
Figure 3 Bedonia Project copper auger soil results on aeromagnetic image



Rocky Gully Nickel-Copper Project

At Rocky Gully, 85 kilometres north-west of Albany, a ground based EM survey was recently completed to target nickel-copper sulphide mineralisation associated with mafic/ultramafic intrusions in the area. Previous work by Heron had identified a number of mafic-ultramafic intrusive bodies with the Proterozoic Birunup Gneiss complex. These bodies are associated with strong nickel-copper-cobalt anomalies in the overlying lateritic soils and previous reconnaissance drilling in the area identified nickel-copper sulphides in the bedrock sequence.

EM surveys are designed to directly target conductive zones of massive sulphide mineralisation and this technique has been used very successfully for many years in Western Australia for nickel exploration. At Rocky Gully three areas were surveyed for a total of 17.9 line kilometres. No strong bedrock conductors were immediately identified, however a relatively low order, but continuous conductive zone was recorded in one area (Figure 4).



This conductor is approximately along strike from anomalous nickel and copper soil sampling and further sampling of lateritic/soil material is being planned to better understand this conductive zone prior to possible drill testing. Certain current channelling was observed in the EM response and the anomaly may be related to disseminated sulphides or a bedrock structural feature.

Figure 4 Rocky Gully Project aeromagnetic image showing interpreted extents of the mafic/ultramafic intrusions and the position of the EM anomalies

LACHLAN FOLD BELT

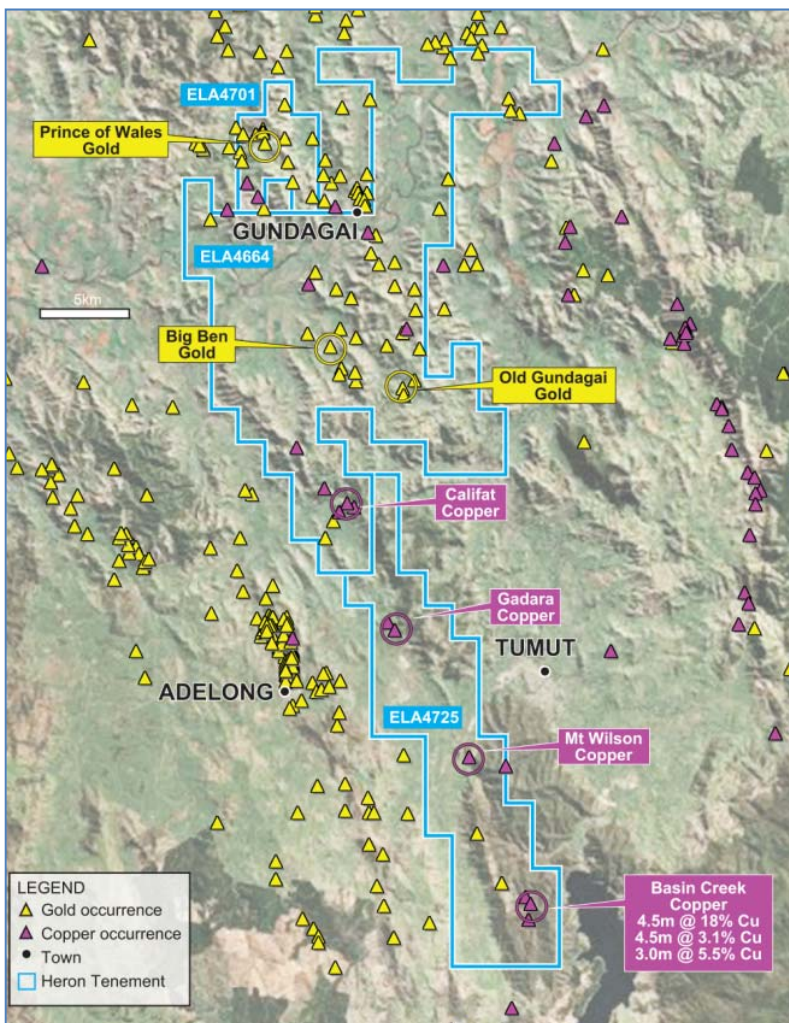
Gundagai Copper/Gold Project



The Company is targeting the regional Lachlan Fold Belt for copper-gold mineralisation on the basis of recent exploration successes at Mallee Bull by Peel Mining and Avoca Tank-Kurrajong by Straits Resources. At the Girilambone project, auger sampling is being conducted over several geological and magnetic targets with results expected early in 2013.

At the Gundagai Project, additional ground has recently been applied for over several historical copper workings to the south-east of Adelong (Figures 6 - 8). Compilation of historical data is being undertaken with a number of strong copper intercepts having been recorded from historical drilling at the Basin Creek copper prospect.

Figure 5 Project Location Map showing the Company's key NSW projects



Better historical drilling results from the Basin Creek prospect at Gundagai included:

- 4.5m @ 18.0% copper from 58m
- 4.5m @ 3.1% copper from 75m
- 3.0m @ 5.5% copper from 59m
- 10.7m @ 0.61% copper from 1.5m

(source Golden Cross Resources Ltd Basin Creek Prospect Final Report 2005)

Various historical mineral resources have been estimated. While these historical results have not as yet been verified by Heron, and they may not be JORC-compliant, they will provide an immediate focus for Heron's exploration efforts when the tenements are granted.

Ground reconnaissance has commenced, with landowners being met and where appropriate, historical workings are being mapped.

The Company wishes to acknowledge the assistance of local landowners in locating old workings. Some significant large-scale workings associated with major hydrothermal alteration systems have been identified, which is fast-tracking Heron's future drill target generation.

Figure 6 Gundagai Project tenement applications over topography – showing additional application over old copper workings

Figure 7 Photo of historical copper workings shaft at Califat. Green colouration is largely related to the secondary copper mineralisation malachite. Opening ~ 1.5m high



Figure 8 Califat workings, extensive malachite staining (green mineralization). Califat will be Heron's initial drill focus. There is clearly scope for a bulk tonnage disseminated copper system.



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The information in this report that relates to Exploration is based on information compiled by David von Perger who is a Member of the Australasian 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 a 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 has consented to the inclusion in this report of the matters based on his information in the form and context that it appears.