

2015

Annual Report



Heron Resources Limited



Heron Resources Limited

Corporate Directory

ABN 30 068 263 098

DIRECTORS

Chairman (Non-Executive)

Stephen Dennis BCom, LL.B., GDipAppFin (Finsia), CFTP

Managing Director (Executive)

Wayne Taylor BE (Min.), MBA, MAusIMM

Director (Executive)

Ian Buchhorn BSc (Hons), DiplGeosci (Min Econ), MAusIMM

Director (Non-Executive)

Borden Putnam III MSc, RPG

Director (Non-Executive)

Fiona Robertson MA (Oxon), MAusIMM, FAICD

Director (Non-Executive)

Mark Sawyer LL.B.

COMPANY SECRETARY

Simon Smith B.Bus, CA

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ASX CODE HRR

Toronto Stock Exchange

TMX Group Ltd

The Exchange Tower

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Toronto, Ontario M5X 1J2

TSX CODE HER

SEAT ABBREVIATION

Heron

HOME BRANCH

Perth

INDUSTRY CLASSIFICATION

GICS classification code is 15104020

Diversified Metals and Mining

ISIN AU000 000 HRR6



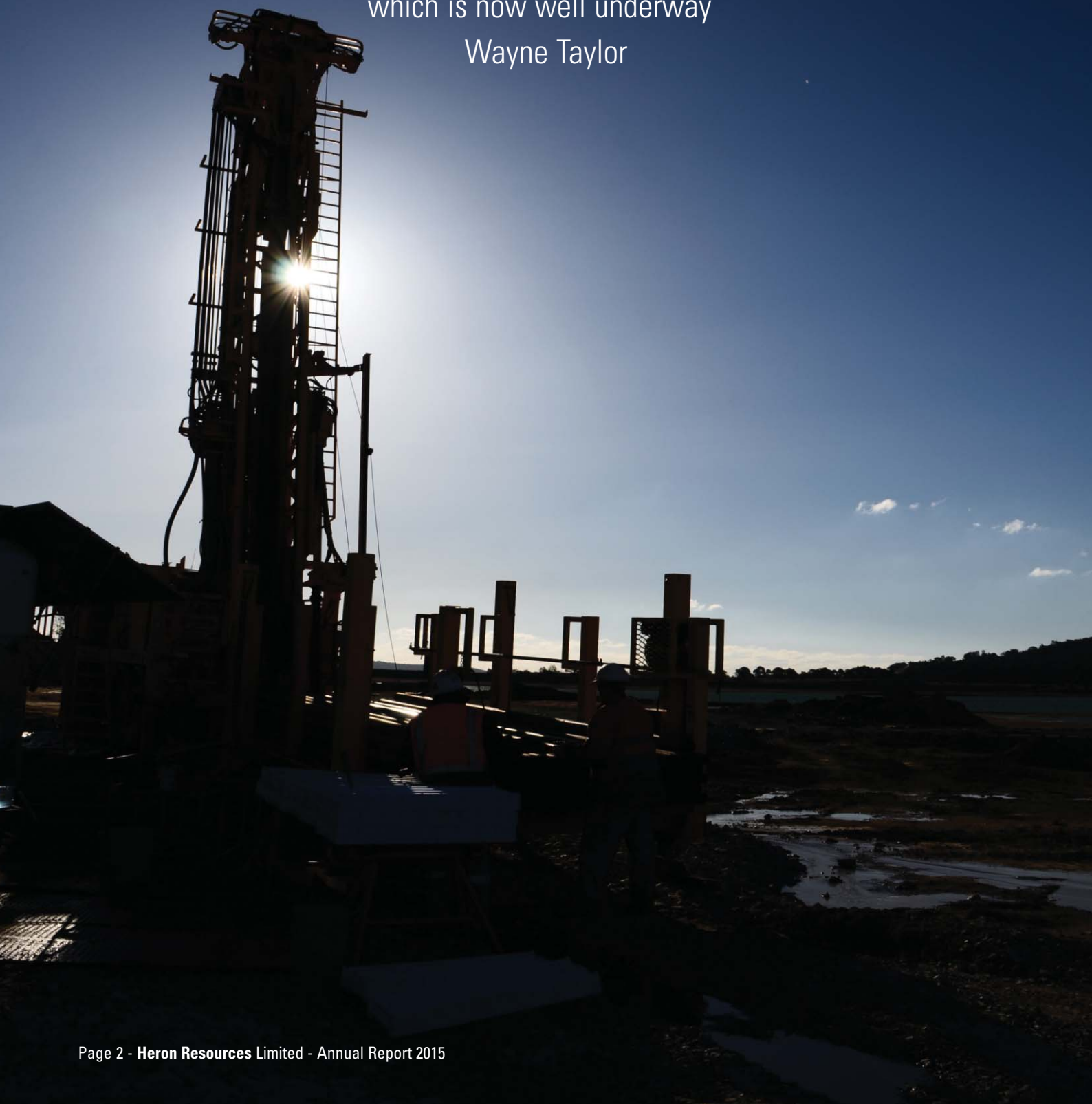
Highlights for FY2015

The last 12 months have been a busy time for Heron with a significant resetting of our business. This period was used well to make major inroads into advancing our newly acquired and key project, the **Woodlawn Zinc-Copper Project**.

These efforts have positioned the Company on the pathway to becoming a near term producer and resulting highlights for the year include:

- Finalisation of the merger with TriAusMin and the seamless integration of the two businesses.
- Successful completion of the Woodlawn Preliminary Economic Assessment (PEA) that delivered a compelling business case for project development.
- Commencement of a fully funded Feasibility Study (FS) for Woodlawn, due for completion in the second quarter calendar 2016.
- Exceptional drilling results received from the Woodlawn Project in the Phase I (PEA) and follow-up Phase II (FS) drilling programs, underpinning a new high grade underground resource.
- Strong cash position (A\$28.1M, 31 August 2015) that has been supported by the attraction of Greenstone Resources LP as a cornerstone investor.
- Well positioned to take advantage of the strong medium term commodity market fundamentals for zinc and copper.

“The Woodlawn Preliminary Economic Assessment (PEA) initiated and finalised this year, represents the first comprehensive study focussed on the high grade underground project since mining operations ceased in 1998. The PEA delivered a robust project that contemplates the combined development of the underground and tailings retreatment projects. This work has supported the decision to embark upon a Feasibility Study (FS) which is now well underway”
Wayne Taylor






Heron Resources Limited

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“We are confident we will be in a position to announce positive results from the Woodlawn Feasibility Study in the first half of next year.” Stephen Dennis

Chairman's Letter

Dear Shareholders,

It is with great pleasure that I write to you for the first time in my capacity as Chairman of Heron.

I do this at a very exciting stage for our Company, with our main priority being to develop the **Woodlawn Zinc-Copper mine** in New South Wales.

We began the year with the seamless merging of TriAusMin with Heron. The objective of this merger was relatively straightforward – to bring together into one company TriAusMin's Woodlawn Project and Heron's substantial financial resources, with the result that development of Woodlawn is now able to be rapidly advanced towards production. For Heron, this merger represents the culmination of our considerable efforts over the last 5 years to find a suitable business development opportunity in which to invest, and in Woodlawn we are confident that we have a project that we will be able to finance, develop and operate as a profitable mine. I am also delighted to see the two management teams from TriAusMin and Heron come together and work as one.

Work commenced at Woodlawn immediately following the merger between Heron and TriAusMin. This included drilling and other technical work to complete a **Preliminary Economic Assessment** (PEA) for the project. For our Australian shareholders, a PEA is a Canadian term and refers to a study which is similar in scope to a pre-feasibility study. The PEA represents the first opportunity we have had to undertake an independent and comprehensive review of the financial and technical parameters for the project.

The PEA was released in April and confirmed that, based upon current economic variables such as commodity prices and foreign exchange, Woodlawn certainly has the potential to deliver an outstanding result for our shareholders. The details of the PEA are contained within the Operations Review of this Annual Report, and based on these results the Board was unanimous in supporting the continuation of the PEA into a **Feasibility Study** (FS).

We are confident we will be in a position to announce positive results from the FS in the first half of next year.

Although for the foreseeable future Heron's corporate priority will remain the development of Woodlawn, we are also fortunate to retain 100% ownership of the Kalgoorlie Nickel Project (KNP). Whilst the market for nickel laterite projects is difficult at the present time, the KNP remains a valuable asset of the Company, and we will continue to search for ways in which the KNP can deliver value for our shareholders. As a result, we are presently undertaking further technical studies which have as their objective an improvement in the economics of the KNP.

In a strong vote of confidence for Heron, we recently announced that **Greenstone Resources LP** had agreed to invest \$6.8 million in the Company via a 15% share placement. There has also been provision made for Greenstone to increase their initial investment in Heron by a further \$13.2 million (or such amount as would take Greenstone's interest up to 19.9% of Heron shares). Greenstone are a mining specific private equity fund based in London, and we welcome the appointment to the Board of Mr Mark Sawyer, the co-founder of Greenstone. We look forward to working with Mark and Greenstone as we advance Woodlawn towards construction and into production.

In addition to Mark's recent appointment, we have also seen two new Non-Executive Directors join the Board this year, Mr Borden Putnam III in December and Ms Fiona Robertson in April. Both bring extensive mining and corporate experience to the Board, with the result we now have a strong Board with an appropriate balance of credentials and skills.

I would also like to take the opportunity to thank the previous Chairman of the Board, Mr Craig Readhead. Craig joined the Board in 2001 and with the release of the PEA in April 2015, Craig made the decision that it was an appropriate time for him to retire from the Board. We wish Craig well in his future endeavours and thank him for his stewardship during his 14 years as Chairman of Heron.

My thanks must also go to our Managing Director, Mr Wayne Taylor, and his management team, in whom the Board has placed their confidence to provide the leadership and drive which is so essential to the successful delivery of a mining project such as Woodlawn.

Finally, thank you to all of our shareholders who continue to support us, both in North America through our Canadian TSX listing and in Australia. Unfortunately, I do not believe our current share price is reflective of the value of our assets, however I remain hopeful that in time this situation will correct itself.

The next 12 months will be critical to the longer term success of Heron as we continue to advance Woodlawn, and I look forward to bringing you further reports of our progress during this period.

Sincerely yours



Stephen Dennis

Chairman

Directors & Management



STEPHEN DENNIS BCom, LL.B., GDipAppFin (Finsia), CFTP
CHAIRMAN (NON-EXECUTIVE)

Stephen Dennis has been actively involved in the mining industry for over 30 years. He has held senior management positions at MIM Holdings Limited, Minara Resources Limited, and Brambles Australia Limited. Until recently, Mr Dennis was the chief executive officer and managing director of CBH Resources Limited, the Australian subsidiary of Toho Zinc Co., Ltd of Japan.



WAYNE TAYLOR B.Eng (Mining), MBA
MANAGING DIRECTOR (EXECUTIVE)

Wayne Taylor is a mining engineer with over 25 years experience. He holds a Bachelor of Engineering (Mining) degree from the University of New South Wales and a Masters of Business Administration from the University of New England. Mr Taylor has held senior operational management roles with Western Mining Corporation and Glencore International's Australian operations. For the six years prior to joining TriAusMin he managed Glencore's base metal business development based out of Australia which involved assessing mining projects throughout the world. Mr. Taylor was the managing director/CEO of TriAusMin for 3 years prior to the merger with Heron.



IAN BUCHHORN BSc (Hons), DipIGeosci (Min Econ), MAusIMM
DIRECTOR (EXECUTIVE)

Ian Buchhorn is a mineral economist and geologist with over 35 years experience. Prior to listing Heron in 1996 as founding Managing Director, Mr Buchhorn worked with Anglo American Corporation in southern Africa, and Comalco, Shell/Billiton and Elders Resources in Australia, as well as setting up and managing Australia's first specialist mining grade control consultancy. For the last 25 years Mr Buchhorn has developed mining projects throughout the Eastern Goldfields of Western Australia and operated as a Registered Mine Manager.



BORDEN PUTNAM III MSc, RPG
DIRECTOR (NON-EXECUTIVE)

Mr Putnam is a geologist with over 38 years of experience in the mineral industry, with focus on exploration and asset evaluations. From 1976-1991 he worked as a project geologist and a district manager for AMAX Exploration and Newmont Exploration Limited respectively. He served as Vice-President and chief geologist for MRDI (now AMEC) from 1991-1996. Mr Putnam was vice-president and principal with Robertson Stephens Investment Management from 1996-2001, and from 2001-2009 was managing director of Eastbourne Capital Management. In 2009, Mr Putnam, established his mining industry consultancy business providing technical evaluations, due diligence audits and investment advice.



FIONA ROBERTSON MA (Oxon), M AusIMM, FAICD
DIRECTOR (NON-EXECUTIVE)

Ms Robertson is a finance professional and practicing non-executive director and audit/risk committee chair with a background of 20 years as a chief financial officer in the emerging and mid-tier resources sector and 14 years as a corporate banker working in Sydney, New York and London with Chase Manhattan Bank. Current roles include; non-executive director and chair of the Audit & Risk Committee of Drillsearch Energy Limited; non-executive chair of One Asia Resources Limited; and National and NSW Committee Member of WIMnet (AusIMM's Women in Mining Network), former NSW Chair.



MARK SAWYER LL.B.
DIRECTOR (NON-EXECUTIVE)

Mr Sawyer co-founded Greenstone Resources in 2013 after a 16 year career in the mining sector. Prior to establishing Greenstone, Mr Sawyer was GM and Co-Head Group Business Development at Xstrata plc where he was responsible for originating, evaluating and negotiating new business development opportunities for Xstrata. Prior to Xstrata Mr Sawyer held senior roles at Cutfield Freeman & Co (a boutique corporate advisory firm in the mining industry) and at Rio Tinto plc. Mr Sawyer is a resident of the United Kingdom.



SIMON SMITH B.Bus, CA.
CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr Smith has been a chief financial officer of both private and public companies in Australia and the USA. He brings 20 years experience as a Chartered Accountant and holds a Bachelor's Degree in Business from the University of Technology Sydney. Mr Smith was the CFO and company secretary for TriAusMin prior to the merger with Heron.



ANDREW LAWRY BAppSc (Metallurgy), FAusIMM, GAICD
CHIEF OPERATING OFFICER

Mr Lawry brings more than 28 years -experience in project management, engineering, construction, commissioning and operations, both in Australia and overseas. He has worked for several leading resource companies including Polymetals, Newcrest and engineering firms Bateman, Normet and Q-Proc. Notably, Mr Lawry managed, from construction through to operation, the successful retreatment of the Hellyer base metal tailings project in 2006 in western Tasmania. With this experience he is well qualified to lead the successful development of the Woodlawn Project.



DAVID VON PERGER BSc (Hons) MAusIMM
GENERAL MANAGER EXPLORATION

David von Perger was appointed in 2004. Mr von Perger is a geologist with some 20 years experience in mineral exploration. His experience includes four years as a business analyst for a major mining group involving analysis of mining operations, project development and assessment of new opportunities for an international mining group. Since joining Heron, Mr von Perger has been responsible for the identification and acquisition of several new nickel, gold, iron-ore and base-metal projects.



CHARLIE KEMPSON MEng (Oxon) MBA GAICD
GENERAL MANAGER STRATEGY & BUSINESS DEVELOPMENT

Charlie Kempson is a senior corporate finance executive who was most recently an equity partner and Director of Azure Capital Limited, a mining focused corporate advisor. Prior to his arrival in Australia in 2002 Mr Kempson spent five years with investment banks Commerzbank AG and Barclays Capital in London and Germany, and four years working in technical roles for Logica (now part of CGI Group).

“We now have a strong Board with an appropriate balance of credentials and skills, supported by an executive team with strong technical and operational experience” Stephen Dennis

1.0 Managing Director's Report

The last 12 months have been an exciting time of intense activity for Heron. We have seen the completion of the merger with TriAusMin in August 2014, the integration of the Heron and TriAusMin operational and corporate teams, the immediate commencement of the drilling program in support of the Woodlawn Preliminary Economic Assessment (PEA), the completion of the PEA which delivered a robust business case for the development of the Woodlawn Project and the commencement of the next project development step, the Feasibility Study (FS). This is exactly what we committed to do at the time of the merger and I am very pleased to say that the Heron team has delivered on its commitments.

I would like to extend my thanks to the individual members of the Board of Directors for their valuable support throughout the year. There has been plenty to consider with the resetting of the Heron strategy following the merger with TriAusMin, the establishment and implementation of plans to advance the Woodlawn Project and a considered view on the recent market place volatility. This has provided essential input into fine tuning the Company's activities and reaffirming our direction in the context of the additional external influences coming from global financial markets.

Next, I would like to express my gratitude to the executive management team, the employees and the other specialist service providers that have "put rubber to the road" in the implementation of our plans. This focused effort has led to the notable results achieved over the last 12 months including the very successful drilling program, new underground resource, delivery of the PEA and rapid progress on the FS. We started with two complementary teams, brought together through the merger, that have effectively integrated with a common purpose in mind to see Woodlawn progress along the path to production as quickly as possible.

Turning to specific achievements, a significant milestone was reached in April this year with the release of the results from the Preliminary Economic Assessment (PEA) and the subsequent lodging of the final report early in June. This document represents the first full study on the **Woodlawn Zinc-Copper Project**, including both the underground and tailings retreatment projects, brought together under a single development proposal. Prior to the PEA, project study work had largely been limited to considering a standalone tailings retreatment project and whilst it delivered a sound business case it failed to capture the investment market's attention. The PEA allowed for the inclusion of the high grade underground and a development approach that would encompass the construction of a 1.5Mtpa treatment facility that could take production sourced from underground up to 750ktpa and the remaining available capacity being met by the tailings. The metallurgical test work completed during the PEA demonstrated the proof of concept for this treatment tack and provides Woodlawn with a unique development approach with significant operational flexibility derived from the two decoupled production sources. Development costs are also very efficient with the benefits derived from a single processing facility and outstanding existing infrastructure. The project planning, operating and capital cost estimates and resulting financial modelling provided very robust results that, with the most recent updates, included a post-tax NPV of A\$291M, a post-tax IRR of 46% and a C1 cost of US\$0.00/lb of zinc after by-product credits.



The very strong results from the PEA provided the basis for an immediate progression to the FS. A commitment was made in May 2015 to commence this A\$11 million study and we have made solid progress across all study areas and it is on track to be delivered in the first half of 2016.

While the **Kalgoorlie Nickel Project** and the suite of other regional exploration projects held by Heron did not feature highly in the activities for FY2015, they remain important assets to the Company and the key prospects that sit within these project areas have been maintained. The Company has had a strategy to reduce the overall tenure costs of the broader tenement package that it holds through rationalisation of non-core properties and this process will continue into the next year. It is still the Company's intention to realise value for Heron's shareholders from these important projects.

The completion of the merger with TriAusMin has brought a major shift in the Company's commodity focus with a significant re-weighting to zinc and copper. This has required some effort to be put into re-branding the Company to ensure that as the pending zinc market story develops there is a level of awareness of Heron amongst the broader investor base. In support of this we have engaged with numerous brokers and media personnel with the Company receiving several prominent articles in the major Australian press platforms. In addition, in the last year we have successfully run day tours from Sydney with the events being very well attended by shareholders, potential investors, brokers, funds and media. The retail awareness is something that we will continue to work on to ensure the Company and the Woodlawn Project are securely cemented into the mindset of the investor community.

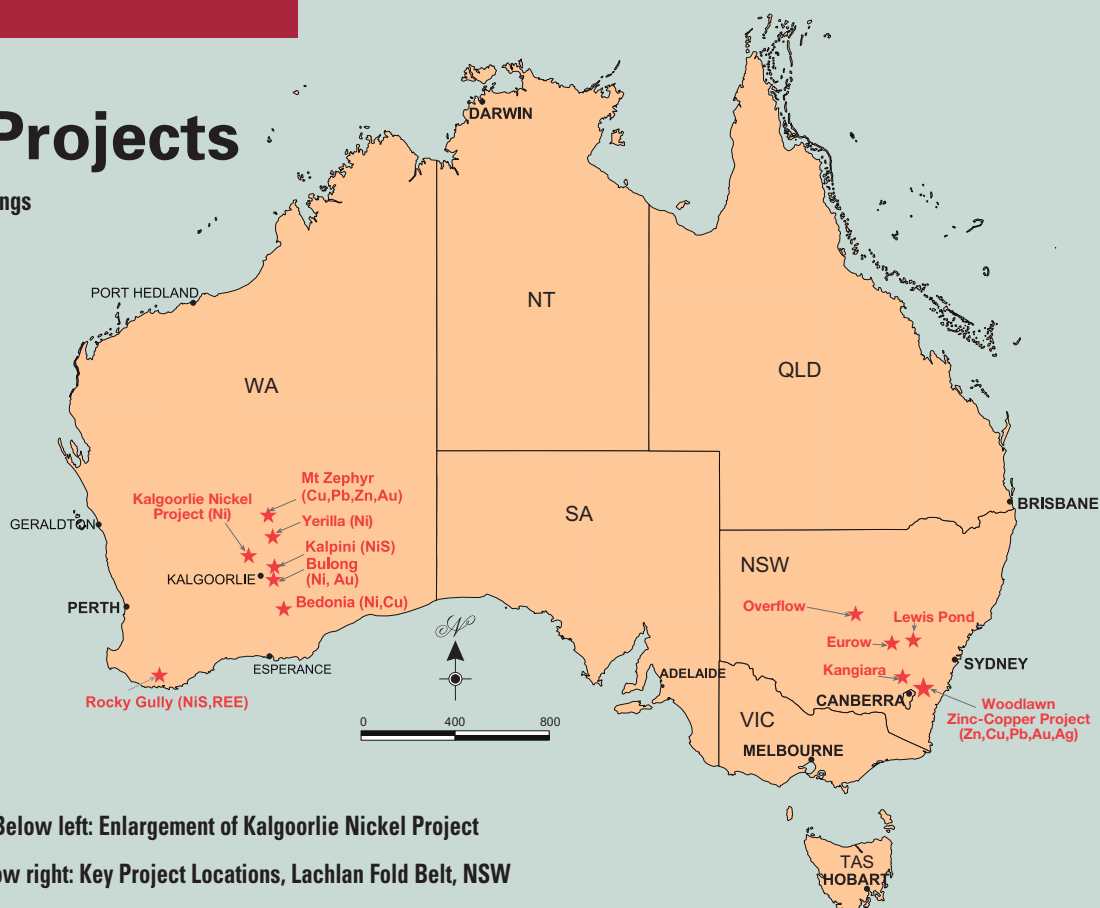
At the time of writing we have just gone through a period of significant global financial market volatility. This has seen a dramatic reduction in base metal prices from the levels attained earlier in the year. What is also apparent is that the fundamental supply and demand story that surrounds our primary commodity, zinc, remains intact. The forecast supply issues present a strong case for future commodity price strength and generate an environment that will be supportive for the development of new sources of production. Independent benchmarking of the Woodlawn Project against a number of other potential zinc development projects see this project rate consistently in the top echelons further supporting the development case for the project.

I believe Woodlawn's long list of attributes present a project that will make it a profitable producer of zinc and copper in the near term. We have a committed team that will continue to work hard on completing the requisite tasks to see this goal realised.

With the pathway to production laid out in front of us, we have an exciting year ahead with the completion of the DFS planned for the first half of 2016, this will provide the platform to seek project development funding and the next step in transforming the Company into being a producer of highly valued base metal concentrates. I look forward to providing our shareholders with regular updates on our efforts and results as we pursue this goal.

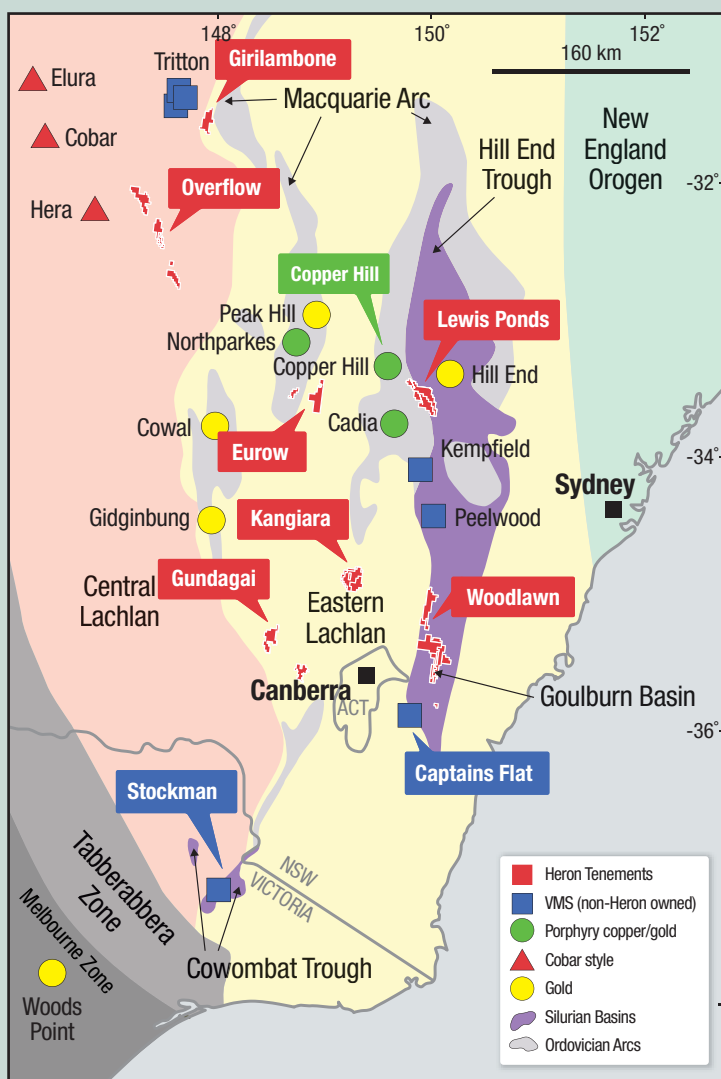
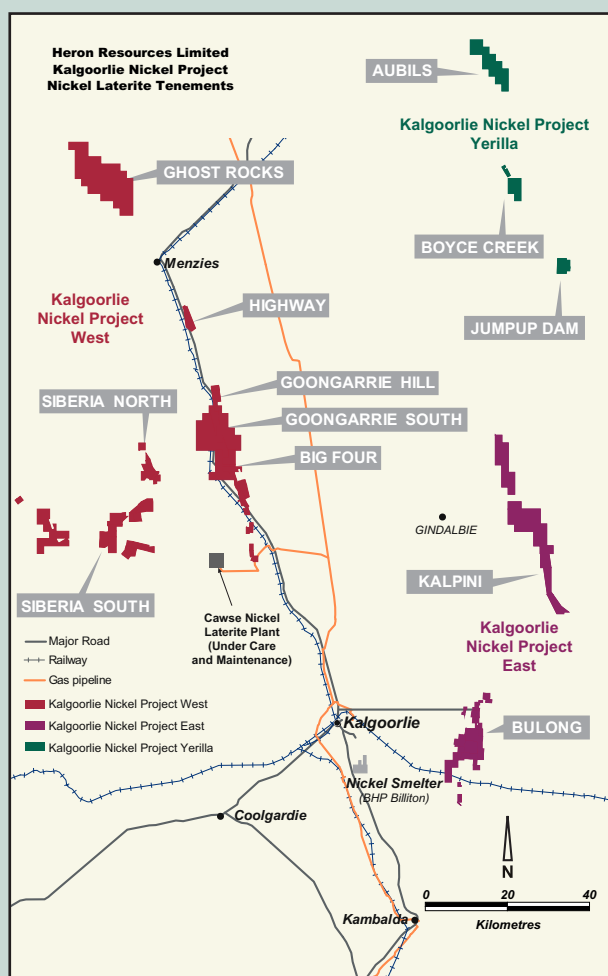
Heron Projects

Figure 1: Tenement Holdings



Below left: Enlargement of Kalgoorlie Nickel Project

Below right: Key Project Locations, Lachlan Fold Belt, NSW



2.0 Operations Report

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY (HSEC)

Heron Resources Limited continues to demonstrate its commitment to “Zero Harm” to the Company’s employees, contractors, the communities in which Heron works and to the environment.

HEALTH AND SAFETY

Heron had no Lost Time Injuries (LTI’s) during 2015. The LTI gauge of performance demonstrates an outstanding result for Heron and reinforces the employees’ and contractors’ commitment to the highest level of safety standards. The result also re-affirms that the systems implemented throughout the Company are effective and that exploration activities can be undertaken safely. Continuing vigilance is required to maintain this performance, particularly now that work is focused on the Woodlawn mine site.

Routine Fitness-for-Work (FFW) testing continues to play an important part in keeping Heron’s work sites safe and free from the risk of injury. Again, in 2015, no negative results were recorded.

ENVIRONMENT

Heron’s HSEC Management System has continued to demonstrate its value in assisting staff to identify environmental impacts, not only meeting our commitment to minimising environmental impacts, but also ensuring that business activities remain within regulatory compliance. Our activities continue to be reviewed by internal audits and checks and have also been subject to external audits by government regulators. Heron’s robust environmental management systems ensured compliance with statutory requirements during the year.

COMMUNITY AND STAKEHOLDER ENGAGEMENT

The shift in major project location for Heron has provided the Company with a new community interaction platform centred around the Woodlawn Mine site. The Company has established a Community Consultation Committee comprising members of the local community, representatives from the Goulburn-Mulwaree Council and also Veolia Environmental Services, the operators of the landfill located at the Woodlawn site. This group and its routine quarterly meetings provide an effective conduit to discuss matters of interest along with considering the areas by which Heron can best provide a constructive influence in the local area. Whilst still in its early stages, the Company is looking forward to developing stronger bonds with the local stakeholders.

DEVELOPMENT PROJECTS (100% HERON)

MERGER WITH TRIAUSMIN

Heron completed the merger with TriAusMin Ltd in August 2014 and since this time the high grade Woodlawn Zinc-Copper Project has become the major focus of the Company’s activities. Work commenced “on the ground” in September 2014 and has continued uninterrupted resulting in the completion of the milestone Preliminary Economic Assessment study and commencement of the Feasibility Study.

WOODLAWN UNDERGROUND PROJECT

Release of Preliminary Economic Assessment

On 1 June 2015, Heron announced the lodgement of the Woodlawn Preliminary Economic Assessment (PEA) study on the System for Electronic Document Analysis and Retrieval (SEDAR). SEDAR is the document filing and retrieval system for Canadian public (and listed) companies and can be accessed at ‘www.sedar.com’. The full study is also available on the Company’s website.

The Company announced the PEA summary results in the release of the 22nd April 2015 titled ‘Preliminary Economic Assessment Delivers Strong Business Case for the Woodlawn Zinc-Copper Project’. The project continues to demonstrate strong base case economics and we continue to evaluate and adjust variables as new information comes to hand. The PEA base case results include:

Combined Underground plus Tailings “UG Starter Case”	Post-tax NPV _{8.3} *	A\$291 million	<p>*Results reported using an 8.3% post tax real discount rate (approx. 10% post-tax nominal). All material assumptions as per the release of 22 April 2015 and in the PEA document which may be downloaded from SEDAR, apart from the following adjustments:</p> <ul style="list-style-type: none"> • AUD/USD FX trending from 0.73 to 0.69 by 2021; • Flat real commodity prices for Cu amended to US\$2.90/lb and Pb to US\$0.93/lb (others unchanged); • Amended modelled treatment of recoverability of tax losses and updated opening tax loss assumptions (opening tax losses increased to \$77M, opening capitalised exploration increased to \$32.3M); and • Various adjustments to operation cost modelling (no changes to the underlying assumptions).
	Post-tax IRR	46%	
	Initial Capital	A\$140 million	
	Payback Period	2.0 years from commissioning	
	Net Cash Flow Post-tax	A\$577 million	
	C1 cost (Zn primary)	US\$0.00/lb	
	C3 cost (Zn primary)	US\$0.30/lb	

The PEA highlighted a number of attractive project characteristics:

- Initial 11 year mine life based on underground and tailings resources, and including 1.0Mt Indicated and 2.8Mt Inferred Mineral Resource contribution from underground
- Total life-of-mine (LOM) Production Target of 353Kt of zinc, 77Kt of copper, 112Kt of lead, 8.9Moz of silver and 59Koz of gold
- Processing rate of 1.5Mtpa through standard sequential flotation, with steady state annual Production Target of 51Kt of zinc, 10Kt of copper, 16Kt of lead, 1.1Moz of silver and 8.7Koz of gold contained within zinc, lead, and copper concentrates
- Utilises existing infrastructure to achieve significant reductions in development costs, with a revised portal location on the west side of the pit enabling first production from the second quarter after underground works commence
- “UG Starter Case” focused on the shallower areas of the deposit reflecting the success of the Phase I drilling programme – high level of confidence for extensions to the mineralisation at depth and along strike based upon 36% Measured, 35% Indicated and 29% Inferred Mineral Resources, comprising:
 - o Woodlawn Underground Project (WUP): 32% Indicated and 68% Inferred
 - o Woodlawn Tailings Retreatment Project (WRP): 46% Measured, 35% Indicated and 19% Inferred
- Conservative approach taken to re-modelling of the underground Mineral Resource, with exclusion of all moderate to higher risk areas – to be reconsidered post mine access and re-assessment from underground
- Highly successful Phase I exploration drilling programme – of the total underground plant feed of 1.0Mt Indicated and 2.8Mt Inferred Mineral Resources, recent exploration has contributed approximately 2.8 million new Inferred tonnes
- Low-risk underground resource base: 80% of underground tonnes in the production schedule are from areas away from previous mining
- C1 and C3 unit costs that place the Project firmly in the lower half of the cost curve
- Significant leverage to zinc, which comprises approximately 47% of total payable metal value
- Significant exploration potential remains within the underground including additional shallow, near-surface targets that are being tested in the Phase II drilling program, with scope to increase the Production Target
- Deeper underground extensions that will be targeted with underground drilling post-commissioning – management anticipates that any such depth extensions discovered have the potential to add significant project value

Funding Options and Commodity Markets

Following the completion of the PEA Heron explored options for the staged development of the Woodlawn Project, which contemplated accessing bridge-style funding allowing the commencement of construction of the plant whilst the Feasibility Study was being completed.

Heron was pleased to report that the capital markets were highly supportive of this option, with workable non-binding term sheets received from debt providers, and excellent indications of support from a number of brokers in the Australian, Canadian and European markets.

The cornerstone strategic equity investment by Greenstone Resources LP announced on 23 July 2015, undertaken after lengthy due diligence and at a significant premium to the prevailing market price of Heron's shares, ultimately reflects the success of this process.

Despite this market support, the Company has observed the recent volatility and general softening in global commodity markets and which Heron considered it would likely delay the closing of a suitable project funding arrangement for a staged development. As a result, the attractiveness of the early start option was reduced relative to undertaking a single financing incorporating both the WRP and WUP once the Feasibility Study had been completed.

Despite recent market conditions, forecasters and market commentators have retained their positive views around the zinc market fundamentals, based on a projected deficit supply to demand balance, and in particular supported by the closure of a number of globally significant operations. These closures, along with growing zinc consumption continue to provide a positive backdrop to this commodity market.

Commencement of the Feasibility Study

Also following the successful completion of the PEA and supported by the strong business case, work commenced on the Feasibility Study for Woodlawn, with a budget of approximately \$11 million that is fully funded from the Company's existing cash reserves, and which is expected to be completed within the first half of 2016.

It is anticipated that the Feasibility Study will deliver a maiden Mineral Reserve statement for the WUP and an updated Mineral Reserve statement for the WRP, together with a combined mine plan, plant and infrastructure designs, capital and operating cost estimates, and environmental, social, and economic considerations. The Feasibility Study is geared towards achieving a low cost project that will facilitate an efficient funding structure for the Project via a combination of debt and equity. Further work has commenced in finalising statutory requirements for project construction and operation.

Phase I & II Drilling Program

A significant early stage Feasibility Study activity at Woodlawn has been the Phase II drilling program (comprising approximately 19,000m of diamond drilling) which is now 65% complete, with 12,400 metres having been completed as at 9 September 2015, reflecting on-time and on-budget progress. The initial part of the Phase II program was designed to test shallow mineralised positions which have potential to provide readily accessible production in the early part of the future underground operation, as well as undertake the in-fill drilling required to upgrade parts of the underground Mineral Resource to Indicated status.

A large number of high grade intercepts have been recorded during the Phase I and Phase II drilling programs in the last 12 months and at time writing the Phase II drill program was still in progress and a number of assay results are outstanding. A selection of drill results from the various lenses include:

Kate Lens:

- **14.4m @ 20.7% ZnEq from 374m**, (4.6% Zn, 4.1% Cu, 0.8% Pb, 1.0g/t Au, 57g/t Ag), WNDD0001
- **8.8m @ 30.1% ZnEq from 374m**, (12.6% Zn, 1.6% Cu, 7.5% Pb, 2.3g/t Au, 152g/t Ag), WNDD0002
- **12.3m @ 33.7% ZnEq from 414m**, (20.0% Zn, 2.1% Cu, 6.1% Pb, 0.8g/t Au, 53g/t Ag), WNDD0007
- **8.1m @ 14.0% ZnEq from 309m**, (7.2% Zn, 1.1% Cu, 2.3% Pb, 0.9g/t Au, 28g/t Ag), WNDD0009
- **7.1m @ 39.4% ZnEq from 340m**, (16.9% Zn, 0.9% Cu, 11.3% Pb, 3.5g/t Au, 254g/t Ag), WNDD0029
- **4.8m @ 11.3% ZnEq from 324m**, (7.6% Zn, 0.4% Cu, 0.9% Pb, 0.7g/t Au, 37g/t Ag), WNDD0029
- **20.5m @ 20.7% ZnEq from 383m**, (8.1% Zn, 2.4% Cu, 2.9% Pb, 0.8g/t Au, 68g/t Ag), WNDD0031
- **12.1m @ 13.7% ZnEq from 405m**, (4.7% Zn, 2.2% Cu, 0.8% Pb, 0.8g/t Au, 22g/t Ag), WNDD0032
- **34.0m @ 20.8% ZnEq from 326m**, (10.0% Zn, 1.1% Cu, 3.5% Pb, 1.6g/t Au, 97g/t Ag), WNDD0033
- **18.9m @ 7.8% ZnEq from 390m**, (0.4% Zn, 2.1% Cu, 0.6g/t Au, 8.0g/t Ag), WNDD0035
- **35.5m @ 11.2% ZnEq from 348m**, (5.1% Zn, 0.8% Cu, 1.3% Pb, 0.9g/t Au, 62g/t Ag), WNDD0037
- **19.8m @ 9.9% ZnEq from 376m**, (0.7% Zn, 2.6% Cu, 0.2% Pb, 0.7g/t Au, 8g/t Ag), WNDD0038

G Lens:

- **8.0m @ 12.7% ZnEq from 37m**, (3.6% Zn, 1.3% Cu, 2.6% Pb, 1.0g/t Au, 65.4g/t Ag), WNRC0010
- **14.8m @ 18.0% ZnEq from 198m**, (5.4% Zn, 2.7% Cu, 2.0% Pb, 1.2g/t Au, 49g/t Ag), WNDD0009
- **4.4m @ 16.6% ZnEq from 206m**, (4.1% Zn, 3.2% Cu, 0.9% Pb, 0.5g/t Au, 39g/t Ag), WNDD0010
- **9.3m @ 20.5% ZnEq from 76m**, (5.2% Zn, 2.6% Cu, 2.3% Pb, 2.0g/t Au, 122g/t Ag), WNDD0013
- **2.1m @ 29.8% ZnEq from 61m**, (3.1% Zn, 6.5% Cu, 1.3% Pb, 1.2g/t Au, 146g/t Ag), WNDD0014

I Lens:

- **5.7m @ 21.8% ZnEq from 626m**, (13.3% Zn, 0.7% Cu, 5.4% Pb, 1.2g/t Au, 26g/t Ag), WNDD0006
- **4.0m @ 7.1% ZnEq from 679m**, (4.8% Zn, 0.5% Cu, 0.2% Pb, 1.4g/t Ag), WNDD0006

H Lens:

- **1.7m @ 38.5% ZnEq from 108.7m**, (3.5% Zn, 6.8% Cu, 4.9% Pb, 3.9g/t Au, 213g/t Ag), WNDD0026
- **0.75m @ 51.5% ZnEq from 103.8m**, (5.6% Zn, 8.1% Cu, 6.8% Pb, 3.6g/t Au, 398g/t Ag), WNDD0027

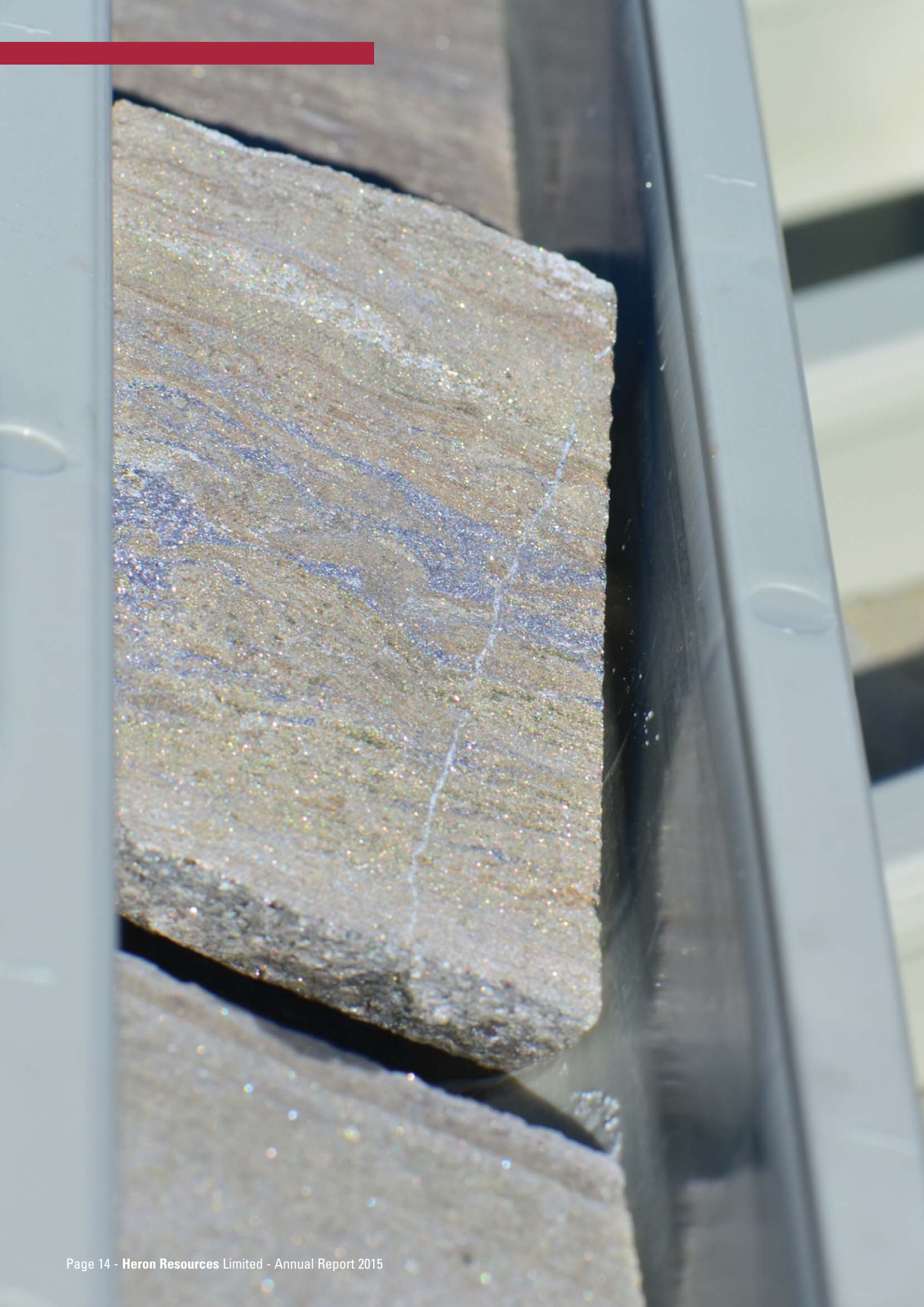
E Lens:

- **4.2m @ 28.5% ZnEq from 135m**, (14.8% Zn, 2.2% Cu, 6.2% Pb, 0.7g/t Au, 37g/t Ag), WNDD0012
- **2.5m @ 9.2% ZnEq from 151.3m**, (1.9% Zn, 1.2% Cu, 0.2% Pb, 3.4g/t Au, 16.5g/t Ag), WNDD0025

Lisa Lens:

- **4.2m @ 28.5% ZnEq from 241.9m**, (17.7% Zn, 1.6% Cu, 5.0% Pb, 1.1g/t Au, 28g/t Ag), WNDD0015

*Zn equivalents (ZnEq) in this report are based on the formula: $Zn(\%) + 0.81 \times Pb(\%) + 3.12 \times Cu(\%) + 0.86 \times Au(gpt) + 0.03 \times Ag(gpt)$. The factors in the equation, determined by SRK Consulting (Australasia) Pty Ltd, take into account the plant feed grade together with relative mining recoveries, mining dilution, metallurgical recovery rates, payability and realisation costs, and are expressed as an equivalent zinc only grade (the effective grade that is delivered to the processing plant). Metal prices used in the calculation are: Zn US\$2,300/t, Pb US\$2,050/t, Cu US\$6,600/t, Au US\$1,250/oz and Ag US\$18/oz. All these metals are expected to be recoverable. Refer to the announcement of 22 April 2015 entitled "Preliminary Economic Assessment Delivers Strong Business Case for the Woodlawn Zinc-Copper Project" for further information.



The drilling has successfully confirmed the predicted up- and down-plunge extensions to the Kate Lens and, along with a number of contiguous wide drill intercepts, is expected to increase the volume of the known mineralisation within the Kate Lens from that quantified during the PEA. Partially offsetting this success, the deeper portion of G Lens has returned lesser volumes than expected.

Overall, the Company believes that the results for the lenses being drilled appear to be globally consistent with the expectations from the PEA.

In-Mine Extensional Exploration

Downhole electromagnetic (DHEM) surveying continues to be used as a tool to develop drill targets and to refine existing drilling programs. Surveys as part of the PEA and FS programs have provided a large number of new EM plates that have been modelled within both shallow and deeper areas within the mine.

The shallow targets (<500m) are being tested as part of the ongoing program and have the potential to provide modest size but potentially high grade additional Mineral Resources to the system. These targets include the E, G, H and Lisa Lenses.

In addition, deeper targets, which have been refined from the surveys of drill hole WNDD0030 (approx. 700m), plus surveys from earlier drilled holes, provide exciting vectors for potential depth extensions to both the Kate Lens and the C Lens (Figure 2).

The majority of massive sulphide lenses in the Woodlawn system have substantial down-plunge components, and with the tenor of the known Kate Lens mineralisation, there is a strong possibility that this lens continues at depth. The two EM plates identified, which occur around 60m in the footwall compared to the upper Kate Lens plane, and the copper rich mineralisation intersected in 2010 in drill hole WLTD010 which assayed 7m @ 2.1% Cu from 538m downhole, provide strong encouragement for this model.

If proven, the Kate Lens down-plunge extensions could provide for significantly increased tonnes per vertical metre within the 500-700m range below surface, which is within the existing PEA and FS mine plan design.

The new EM plates which sit directly below the current C Lens position also provide encouragement that this lens may continue at depth. Very little systematic exploration has been undertaken within the Woodlawn mineralised system to explore for extensions at depth (>700m). Previous, limited, exploration drilling at the immediate base of the current C Lens suggested that the system could be pinching out. The EM plates indicate that the lens may swell beyond that expected pinch point, which would be similar to the behaviour of the C Lens in shallower positions.

Importantly, management holds the view that the "starter underground case" comprising approximately 7 years of underground plant feed which was presented in the PEA should be able to be significantly extended through continued exploration. The attractive EM targets at-depth provide evidence in support of this position.

Figure 2: Oblique Cross Section through the Woodlawn system showing the recently modelled DHEM plates and target zones.

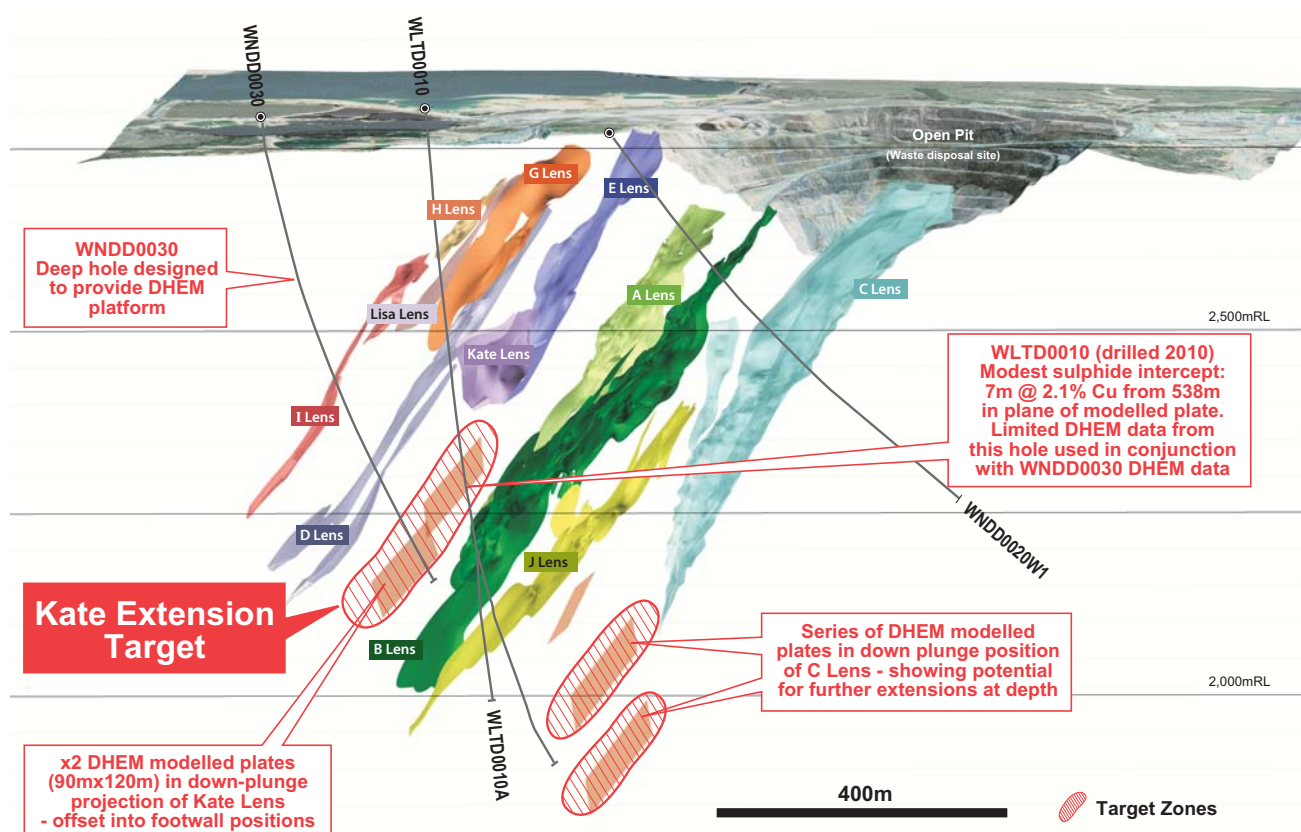
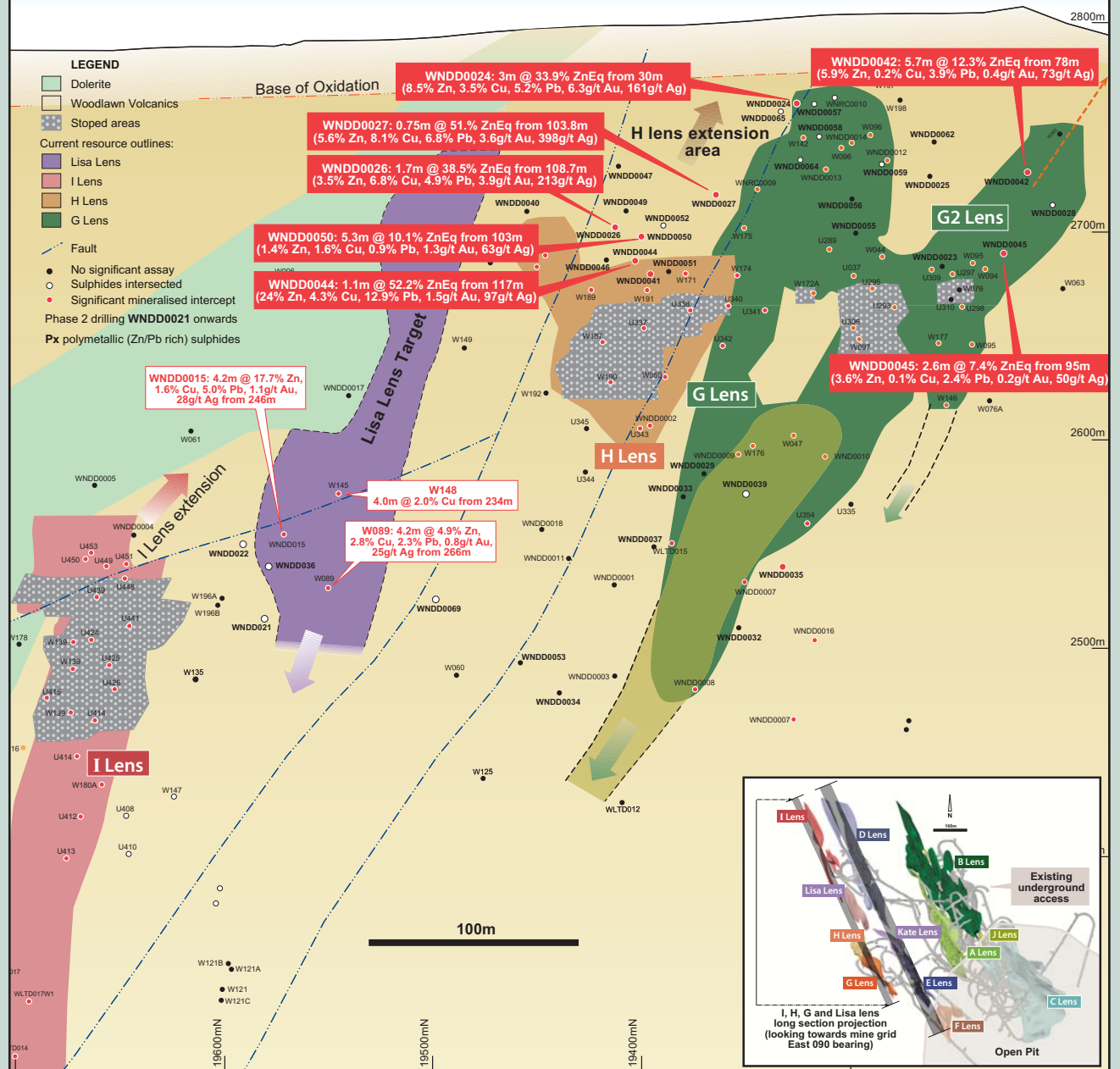




Figure 5: G, Lisa, I Lens Long-Section showing a selection of recent and significant intercepts.



Mineral Resources and Reserves Definition

Work on updated Mineral Resources for the WRP and WUP is under way.

The current Mineral Resources are presented in Section 10. Work on updated Mineral Resources for the WRP and WUP as part of the Feasibility Study is under way.

For the WRP, a new JORC 2012 / NI 43-101 Mineral Resource is in the final stages of being generated. The Mineral Resource estimation will incorporate all the historic drilling which was undertaken after the previous Mineral Resource and Mineral Reserve were published. These results will be published in the near future via a NI 43-101 Technical Report.

An update to the WUP Mineral Resource will be undertaken following the completion of the Phase II drilling programme and will be published, along with the maiden Mineral Reserve for the WUP and an updated Mineral Reserve for the WRP, in the Feasibility Study.

WOODLAWN RETREATMENT PROJECT

Heron's focus at Woodlawn is the combined development of the underground and tailings retreatment projects. The lower grade WRP (Figure 6) fully complements the high grade Underground Project, with both amenable to processing through a single flotation plant. The WRP has the potential to effectively fund the entire processing plant, and additionally going forward acts as a "low grade stockpile" for the WUP.

The key attributes of the WRP are:

- Established Mineral Resource at surface, fully quantified and no further drilling is required. The Mineral Resource is currently being updated, and a new Mineral Reserve will follow as part of the Feasibility Study.
- During 2015 the WRP FEED study was updated providing a strong business case – capital costs were estimated at A\$96 million and operating costs A\$20.29 per tonne, demonstrating potential improvements over the PEA assumptions.
- Proven hydraulic mining method with a proposal for processing through a standard sequential sulphide flotation circuit.
- Water, power, access and a reprocessed tailings disposal site are all in place.
- Strong community support and locally available skilled work force.
- As a standalone project, annual production is estimated to reach 49kt zinc concentrate at 45% zinc, 14kt copper concentrate at 22% copper and 15kt lead concentrate at 35% lead, with gold / silver credits.

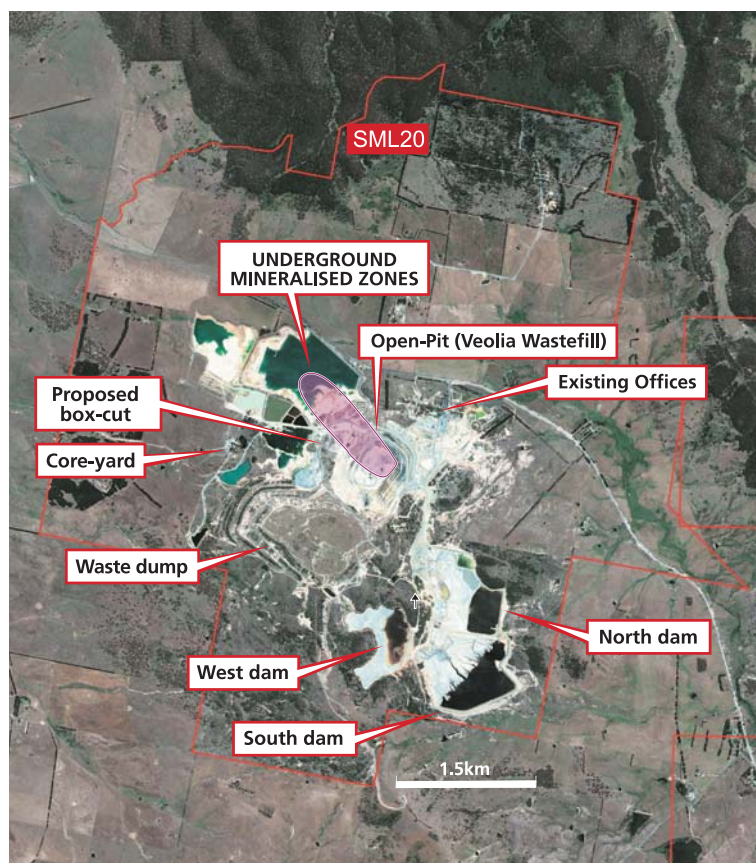


Figure 6: Woodlawn Retreatment Ponds in lower portion of photo

Process and Plant Engineering

GR Engineering Services Limited (GRES) recently completed a report to update the 2012 Front End Engineering Design study ("FEED") capital and operating cost estimates for the Woodlawn Retreatment Project (the "2015 FEED Update"). This update considered a plant layout that could incorporate the additional equipment required for the co-treatment of underground ore at a later date and forms the basis for understanding the project development costs for a staged development option at Woodlawn. All estimates were provided to a +/-20% level of accuracy.

The capital estimates for the WRP components of the process plant reduced slightly compared to the PEA estimates with the FEED coming in at A\$95.9M compared to the PEA at A\$96.7M. It was pleasing to note that the slight reduction in capital was achieved despite a movement in the base AUD/USD exchange rate basis from 0.80 in the PEA to 0.73 in the 2015 FEED Update.

GRES have also confirmed that the plant operating costs have not materially changed since the 2012 FEED estimate, with a total operating cost of A\$20.29 per tonne of tailings plant feed compared to the 2012 figure of A\$19.61/t. For the PEA, an operating cost for the WRP plant feed of A\$24.59/t was assumed, with an allowance made for the impact of lower throughput and for overheads. From a review of these costs, it does appear that there may be some scope to reduce the tailings processing costs assumed in the Feasibility Study compared to the PEA.

Work is now focused on the plant design for the Feasibility Study as it relates to the underground and the combined treatment options.

WOODLAWN EXPLORATION PROJECT

Heron holds a number of exploration licenses surrounding the Woodlawn Mine. The tenements cover the silurian volcanics, the host rocks for the VMS style deposits in the area.

A key regional prospect close to the Woodlawn mine is the former Currawang Mine located 10km to the NW (see Figure 7) and where approximately 0.5Mt of high grade ore was mined from underground and trucked to the Woodlawn plant in the early 1990s.

A fixed loop EM survey was completed in the second half of the year and a target has been defined to the south of the original ore body. Drill approvals were received and plans for drilling the target will be finalised once the Phase II program at Woodlawn is more advanced.

In addition to Currawang, Cowley Hills located 2km north east of the mine was also a historical producer and remains a high ranking regional prospect.

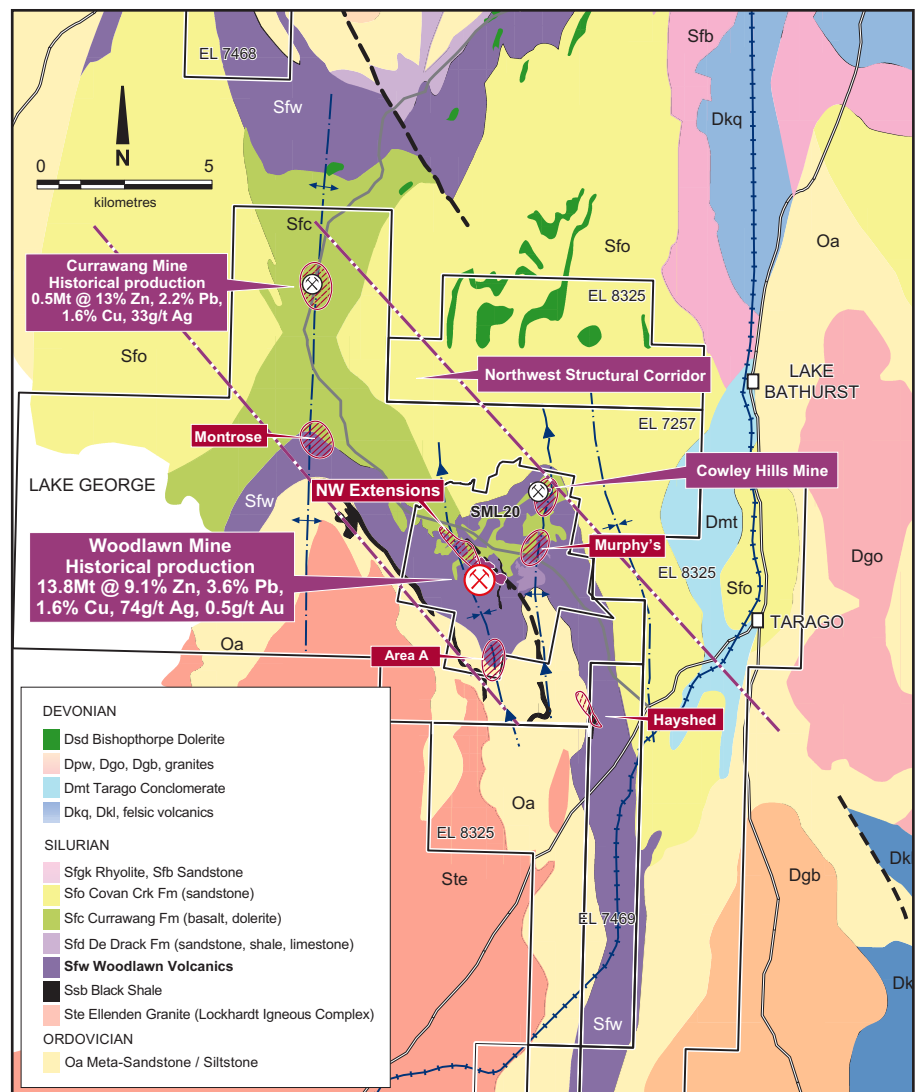


Figure 7: Woodlawn Key Exploration Targets

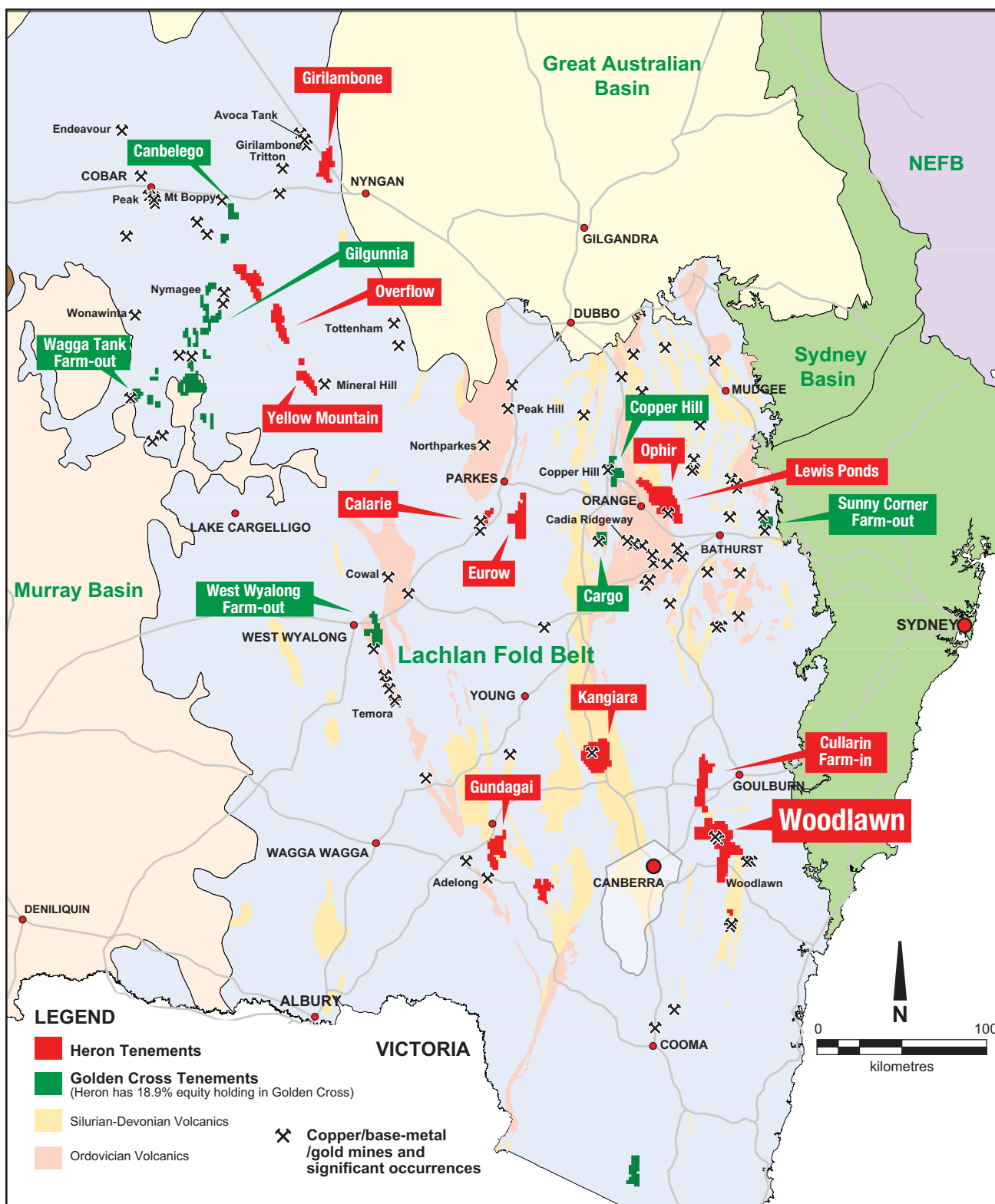
EXPLORATION PROJECTS

NEW SOUTH WALES – COPPER-GOLD EXPLORATION

Heron maintains a significant tenement holding in the Lachlan Fold Belt with some 3,739km² under tenure (Figure 8).

The Company is of the view that NSW remains underexplored with significant discovery potential. Heron has sought tenure in areas with a demonstrated discovery history.

Figure 8: Heron's tenement holdings and interests in NSW



Three regional structural settings have been the focus for Heron's tenement acquisitions:

1 Woodlawn VMS Belt base metals

Centred on the Woodlawn Project, the exploration target is the world-class VMS systems occurring in the N-S Silurian acid volcanic rift from south to north being Stockmans, Captains Flat, Woodlawn, Cullarin and Lewis Ponds. All Lachlan VMS centres are characterised by multiple lenses associated with a discrete exhalative Silurian felsic volcanic/pelite stratigraphy.

2 Lachlan Transverse Zone copper-gold

Centred on the Copper Hill mining centre, world-class porphyry copper-gold occurs within N-S trending Macquarie Arc Ordovician andesite belt intruded by Silurian monzonite-tonalite in the WNW trending Lachlan Transverse Zone from east to west on the southern bounding fault being Forest Reefs, Cadia-Ridgeway, Cargo; and from east to west on the northern bounding fault being Sunny Corner, Copper Hill, and Northparkes.

3 Gilmore Suture gold-copper

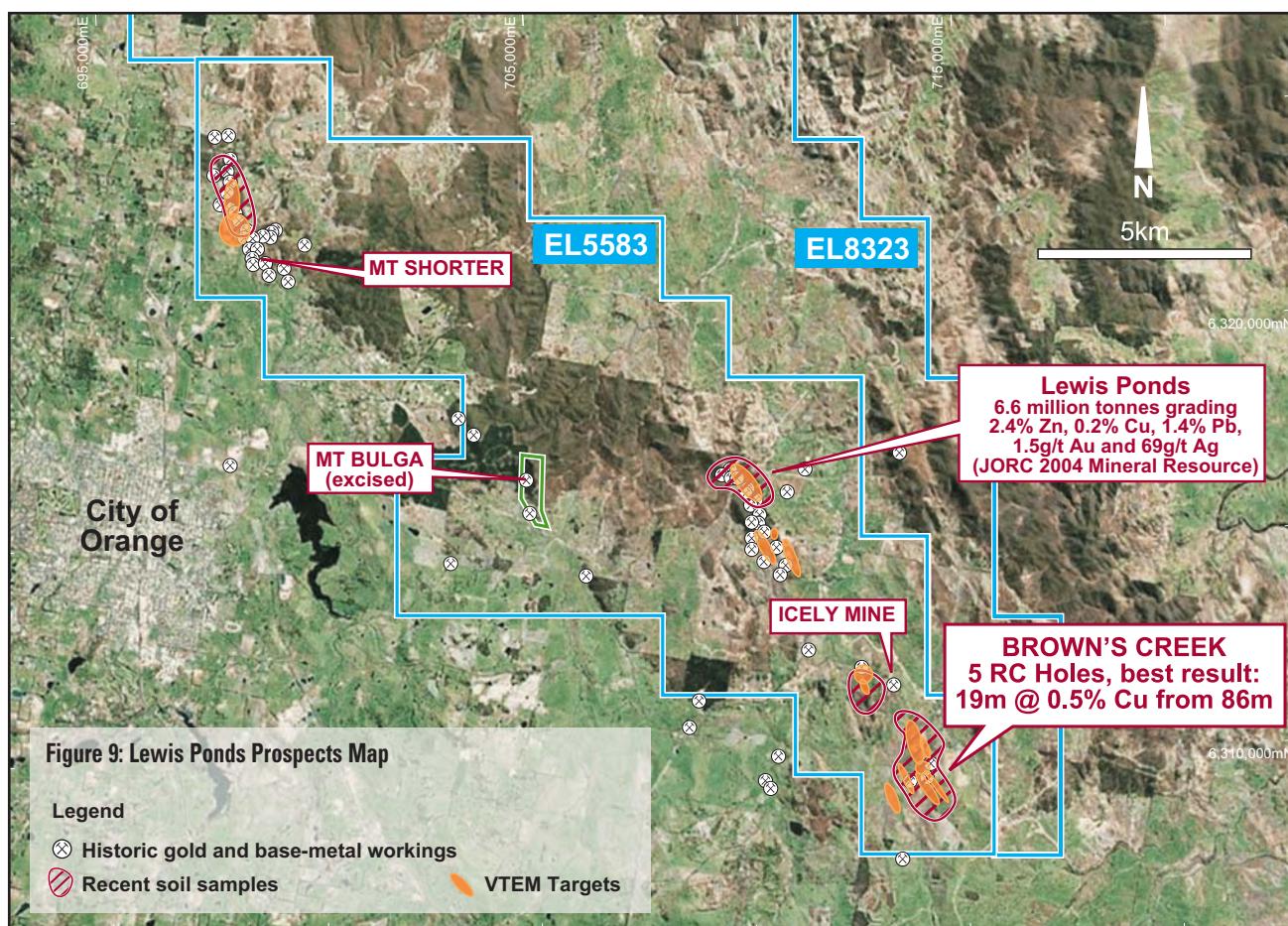
Centred on the Overflow mining centre, the exploration target is the porphyry/epithermal gold-copper systems occurring in Silurian-Devonian crustal rift from south to north Gundagai, Adrah, West Wyalong, Temora, Yellow Mountain, Mineral Hill, Overflow, and Mt Boppy.

Outside of the Woodlawn Project, the focus of the exploration in the last year has been on the Lewis Ponds Project, described below. The other mainly early stage projects are being reviewed with the potential to farm out to suitable partners.

Lewis Ponds Project (100% Heron)

Lewis Ponds is located 15km east of Orange, in central NSW (Figures 9 and 10). The project contains the Lewis Ponds VMS style deposit (6.6 million tonnes grading 2.4% zinc, 0.2% copper, 1.4% lead, 1.5g/t gold and 69g/t silver JORC 2004 Mineral Resource - Refer to Section 10) – made up of Main Zone and Tom's Zone which occur in a sequence of deformed Silurian felsic-to intermediate-volcano marine-sedimentary rocks.

During the quarter a reverse circulation (RC) drilling program was undertaken on two prospects south of the Lewis Ponds deposit (Figure 10) with five holes for 637m being drilled. The holes targeted mainly copper mineralisation beneath the historic Brown's Creek workings and broad un-drilled gossan zone discovered by Heron 500m south-west of the Brown's Creek workings.



The drilling intersected a sequence of felsic tuffaceous shales, and other fine grained sedimentary units and some black shales.

Highly encouraging zones of strong pyritic alteration were intersected containing copper sulphides.

Best assay results for the drilling were:

- 10m @ 0.6% Cu from 65m (Brown's Creek Lode, ICHRC006)
- 12m @ 0.8% Cu from 68m (Brown's Creek Lode, ICHRC012)
- 2m @ 0.7% Cu from 107m (Brown's Creek Lode, ICHRC023)

This constitutes a first-pass drill test of both historic and untested drill targets. Future exploration on Brown's Creek mineralisation will need to ascertain whether the stringer sulphides that were intercepted at shallow depth constitute the only mineralisation, or represent the surface expression of deeper but more significant mineralisation at depth.

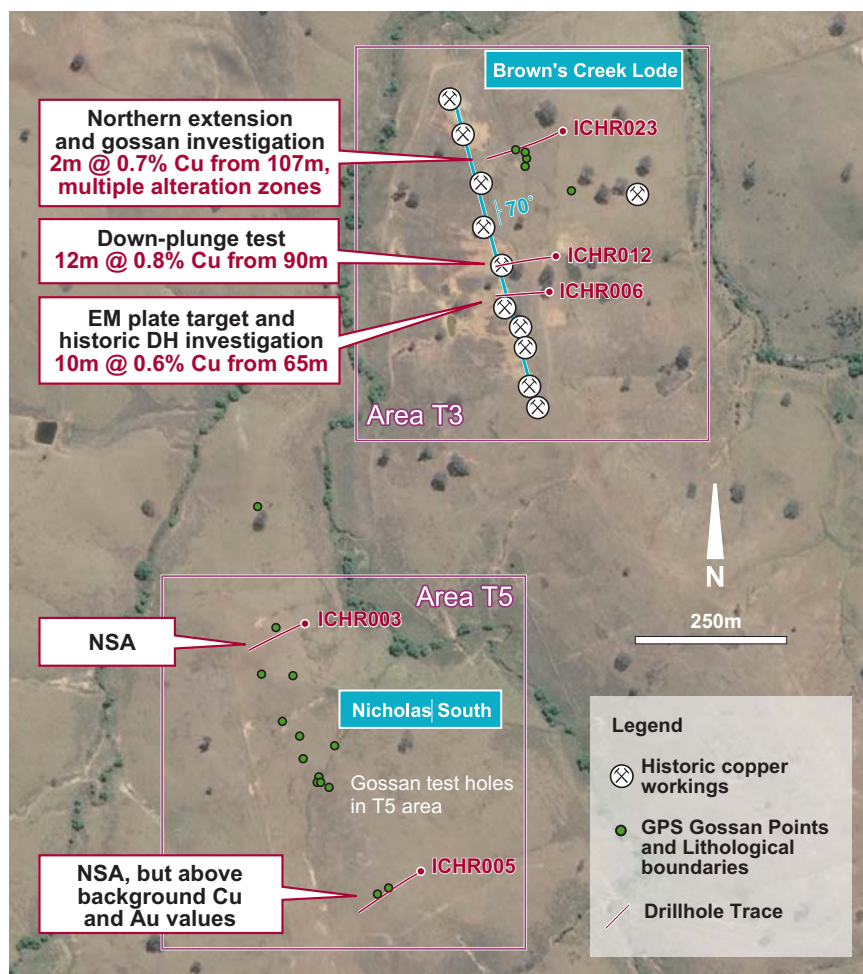


Figure 10: Brown's Creek Drillhole intercepts Map

Overflow Gold-Base Metal Project (Heron 75.5% on certain blocks and 100% on the remainder)

The Overflow project is located 110km south-east of Nyngan and 50km north-west along strike from the Mineral Hill operation (owned by KBL Mining Ltd). The project is located along the northern extension of the Gilmore Suture within Ordovician and Devonian aged meta-sediments and has the potential to host both epithermal and Cobar-style gold and base-metal mineralisation. A report on the project is being prepared for groups interested in farming into this project.

Other NSW Exploration Projects

Copper Hill Gold-Copper Project (100% Golden Cross Resources, Heron holds 18.9% of GCR)

A revised Mineral Resource estimate and scoping study were released in the March quarter for the Copper Hill Project in central NSW where Heron retains a 18.9% stake in Golden Cross Resource Ltd (ASX:GCR). The Copper Hill scoping study (refer to GCR release dated 15 April 2015, "Copper Hill Scoping Study") returned a positive result and provided a framework for the future development of the Project as an open pit mine and concentrator processing operation. GCR reported an estimated metal-in-concentrate for the two Copper Hill production scenarios as:

- 2Mtpa, average 7.7Ktpa copper and 20.7Kozpa gold, peak year 10.8Kt copper and 41.8Koz gold.
- 3Mtpa, average 11.0Ktpa copper and 29.9Kozpa gold, peak year 14.7Kt copper and 54.4Koz gold.

It was also reported that significant mineralisation remains outside the conceptual pit shell defined for the scoping study. This highlighted the potential to increase the material within the possible mine plan. It has been proposed that these areas will be targeted as a part of the 2015 PFS drilling. Heron continues to monitor its investment in GCR and the advancement of the Copper Hill Project with the aim of maximising the overall return to Heron Shareholders.

WESTERN AUSTRALIA – NICKEL SULPHIDE EXPLORATION

Heron retains a substantial portfolio of tenements in the Eastern Goldfields of Western Australia that are prospective for Archean-style nickel sulphide mineralisation. These prospects are currently being reviewed by a number of parties interested in the nickel sulphide potential. The key prospects are described in the following.

Emu Lake Project (100% Heron)

The Emu Lake Project is located some 65km north-east of Kalgoorlie and work by previous operators (including Xstrata Nickel Ltd) has identified a fertile nickel sulphide horizon that extends for some 8km through the Heron tenure. Historical drill results include ELD015: 2m at 6.2% nickel and 1.8% copper from 336m depth and demonstrate the potential for high grade nickel sulphide mineralisation in the area.

Bedonia Project (100% Heron)

The Company's Bedonia Project is located 75km east of Norseman, Western Australia and 60km west-southwest of the Nova-Bollinger nickel-copper discovery (by Sirius Resources NL) within the Albany Fraser Mobile Zone. Total tenement holding is now approximately 1,500 km².

In the south of the project area the Company is seeking Nova-style nickel-copper mineralisation hosted within the interpreted Proterozoic-aged Mount Andrews Gneiss Complex where there is potential for discrete mineralised mafic intrusive bodies. There is also potential for nickel, copper and PGE mineralisation along the margins of the Proterozoic Jimberlana Dyke that traverses the area and where a number of significant geochemical anomalies have been identified. Auger programs early in 2014 identified a number of nickel sulphide targets at the Beaker, Woodline and Mordicus prospects. Some reduction and rationalisation of the Company's tenement holding in this area commenced during the latter part of this year.

Mt Zephyr Gold and Nickel Sulphide Project (100% Heron)

The Mt Zephyr Project is located 80km north-northeast of Leonora and is prospective for Archean gold mineralisation within high-grade laminated quartz occurrences identified by a local prospector in the north of the project area (Paul's Find). In addition, a strong basal contact anomaly of 500-1,000ppm nickel was generated in 2014 through soil auger sampling north of Paul's Find where Archean ultramafic units occur at a similar stratigraphic level to the Mt Windarra ultramafic units north of Laverton.

JOINT VENTURE PROJECTS WA AND NSW

Bulong Gold Project (Heron 20%, Southern Gold Ltd 80%; Heron 100% nickel laterite rights Bulong East)

The Bulong Gold Project is located 30km east of Kalgoorlie. Drilling of six holes for 582m at Railway South (E25/250) were completed. Key results were:

- The best intersection obtained was in hole BSRC236 on the NE anomaly, with 1m @ 12.24g/t gold at 29-30m downhole in a basaltic unit. This interval surrounded a halo of low level gold mineralisation (0.1 - 0.71g/t), anomalous tungsten (up to 80 ppm) and elevated molybdenum (up to 11 ppm). This offers some encouragement for follow up work and is believed to explain the coincident gold-tungsten surface anomalism on which the hole was targeted.
- Further details of this drilling including JORC 2012 statements can be found in the Southern Gold Ltd's ASX releases.

Southern Gold continues to seek potential partners to evaluate the significant nickel sulphide prospectivity in the Heron JV areas as it also moves towards gold production at its wholly owned Canon deposit located adjacent to the JV ground.

Lake Rebecca Project (100% Heron, Saracen option to enter into a farm in agreement)

Heron has entered into an agreement with Saracen Gold Mines Pty Ltd (Saracen) on the tenements P31/2038-40 located some 5km NE of the Carosue Dam processing plant in Western Australia. Saracen has an approximately 6 month option to enter into a formal joint venture agreement with Heron and Saracen has committed to conduct an exploration program in this period.

Rocky Gully Nickel-Copper Prospect (100% Heron, Metalicity Ltd, formerly PLD Corporation Ltd right to acquire 90%)

Metalicity Ltd (MCT:ASX), formerly PLD Corporation Ltd, elected to exercise their option to acquire a 90% interest in the Rocky Gully Project comprising the three tenements: E70/2801, E70/4543 and E70/4437. Heron retains a 10% interest in the tenements through to the completion of pre-feasibility study. In consideration for the 90% interest and subject to regulatory approval MCT will issue Heron 14,375,000 MCT shares.

Calarie Copper-Gold Project (EL7023 and ML739 – Kimberley Diamonds Ltd right to earn 75% interest)

Located 25km south-southwest of Parkes, NSW. The area is prospective for principally gold mineralisation associated with the old Lachlan Gold Co's Mine where several encouraging drill intercepts have been returned in recent years. Rehabilitation work has been completed on the site over the reporting period.

KALGOORLIE NICKEL PROJECT (100% Heron)

The concept and implementation of the Kalgoorlie Nickel Project (KNP) by Heron commenced in 1997. The Project consists of 94 tenements covering approximately 800 square kilometres in a 150 kilometre radius north and north-east of Kalgoorlie, Western Australia (Figure 1). Resource definition drilling by Heron and others has proved up a JORC 2012 compliant Mineral Resource totalling approximately 784.9 million tonnes at 0.70% nickel and 0.049% cobalt, making it one of the largest nickel laterite deposits in the world today. A key attribute of the KNP mineralisation is the ability to screen beneficiate the ore material prior to leaching providing a simple and cost effective method of significantly increasing the feed grades.

Vale Inco joint ventured into the project between 2005 and 2009 expending some A\$34 million and completing a pre-feasibility study, prior to withdrawing post the Global Financial Crisis.

Since 2010, Heron has been continually reviewing processing refinements, and in 2013 engaged with Simulus Engineers in Perth to test the applicability of their Carbon Friendly Nickel Production flow-sheet to the KNP. The test-work and subsequent financial modelling has led to a potential step-change for this project.

Metallurgical Test Work Programs and Scoping Studies

Simulus Engineers completed an initial Scoping Study in April 2014 on treating KNP ore with atmospheric leaching and acid recovery at a production rate of 10Ktpa nickel in a Mixed Hydroxide Product (MHP) (Figures 11 and 12).

Simulus estimated a processing plant capital cost of A\$236 million (+/-30%), with Heron estimating total capital cost including all infrastructure at A\$356 million (+/-30%) for the 10Ktpa nickel production scenario. This equated to a capital intensity of US\$14.54 per annual pound of nickel production, a potential "step-change" improvement for nickel laterite (Table 1).

Based on these encouraging results, the Simulus Scoping Study and Heron's cost model were revised, through up-scaling of the 10Ktpa to 20Ktpa, with additional bench-scale acid leach tests, and further consideration of the mining inputs. Additionally, Simulus completed work on an initial Front End Engineering Design (FEED) study for a 1.5 tonne per hour Demonstration Plant to treat nickel residues and KNP laterite ore (Figure 12).

The essence of the process is the recovery and re-use of the key reagents used in leaching and purification. The Simulus reagent recovery process can be matched up with any front-end leach process such as high pressure acid leach, atmospheric tank leach, or heap leach. A range of intermediate products or refined metal can also be produced as required.

The 20Ktpa Scoping Study results were released on 31 July 2014 and delivered excellent technical and financial results (Table 1):

- Confirms the potential for the KNP to be developed as a large scale, very long life mine using the Carbon Friendly Nickel Production sulphuric acid leaching and recycling process.
- An initial mining inventory of 123.8M tonnes has been modelled at a Leach Feed Grade (LFG) of 1.16% nickel and 0.06% cobalt, with a Production Target of 683,600 tonnes of nickel in concentrate over a 35 year mine life.
- Significant scope exists to increase the Production Target. Based on the total mining inventory from the 2010 Pre-feasibility Study, the project could be in production for more than 50 years or alternatively be scaled up further.
- Processing rate of 2.0Mtpa for annual production averaging a contained 19,500 tonnes nickel and 900 tonnes cobalt, with an average production over the first 10 years of 20,200 tonnes of nickel, shipped as Mixed Hydroxide Product.
- Capital costs of A\$660 million inclusive of a 10% contingency, confirming a low capital intensity of US\$13.82 per annual pound of nickel production compared to a traditional HPAL process route of around US\$40/lb.
- Total revenue (including by-product credits) of A\$12.6 billion and pre-tax net cash flow of A\$4.3 billion over the initial 35 years of operation – based on a nickel price of US\$9.00 per pound (A\$/US\$ 0.90).
- Over the first 10 years of operation, C1 cost US\$3.71/lb nickel and averaging US\$4.27/lb nickel over the 35 year mine life, comparable to the published C1 cost of the established Ravensthorpe HPAL project but at a much lower initial capital cost.
- C3 cost of US\$5.90/lb nickel over the initial 35 year mine life.
- The KNP provides significant exposure to long-term, low cost nickel production in a highly stable and mining-orientated jurisdiction.
- Significant leverage to the nickel price, with an increase in the nickel price assumption of US\$1.00/lb increasing the pre-tax project net cash flow by approximately A\$1.4 billion.

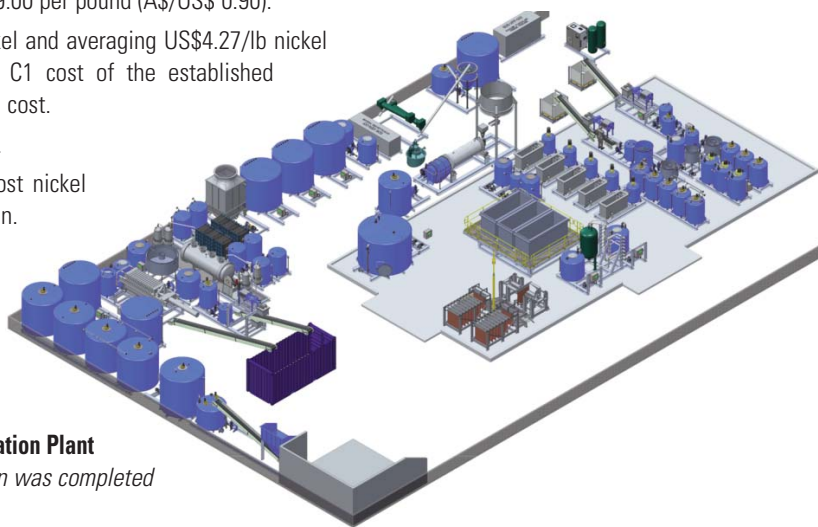
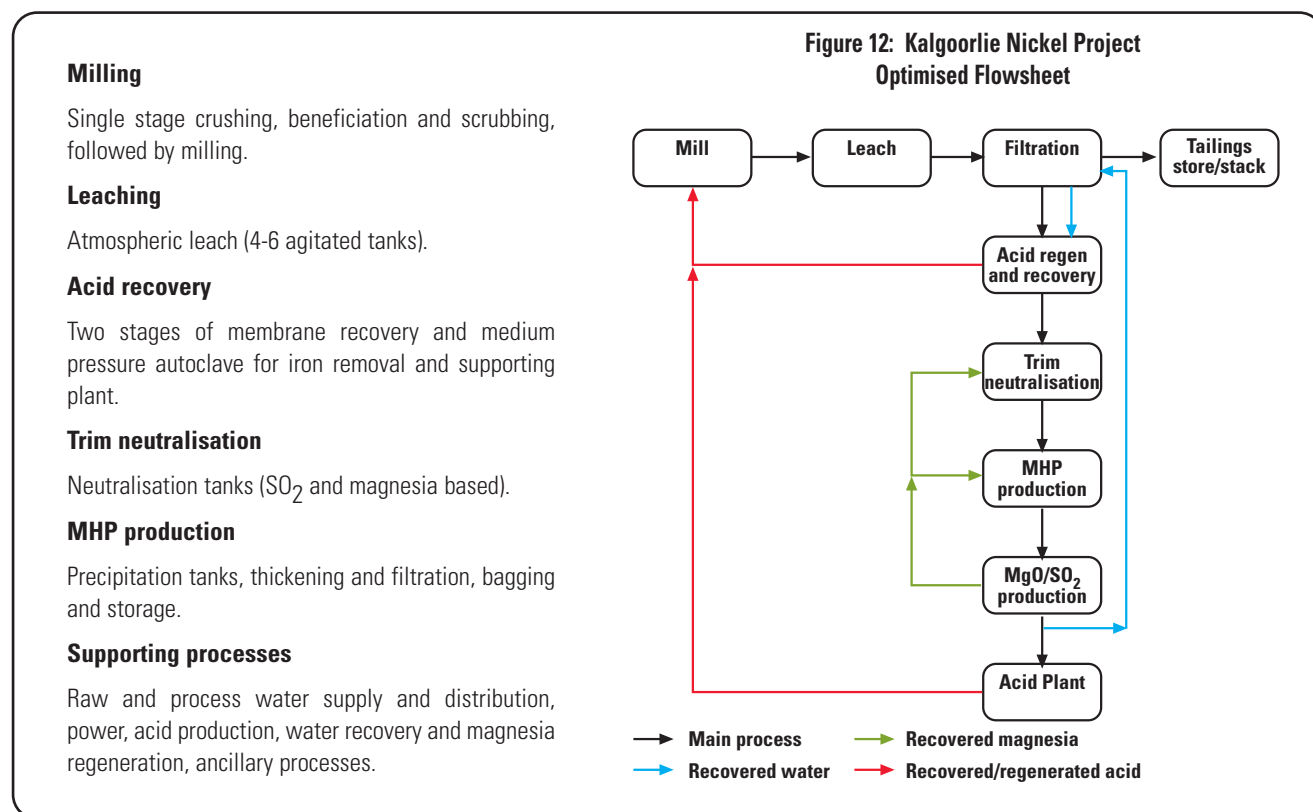


Figure 11: Demonstration Plant

A Demonstration Plant engineering design was completed

In July 2014 Heron appointed KPMG Corporate Finance as its advisor to coordinate a partnership process for the KNP, following strong in-bound interest in the project. This interest appeared to be driven by a number of factors including the relatively strong nickel price environment and outlook at the time, the decline in ore exports from the Indonesian laterite nickel industry and the consequent need to identify alternative sources of nickel ore or concentrate, and the flowsheet advances made by Heron through its partnership with Simulus.

During the later stages of 2014, the nickel price continued to decline from the year high of US\$9.62/lb in the June 2014 quarter to around US\$6.50/lb by December. In addition, during November BHP Billiton withdrew its Nickel West business from sale. The impact of these two factors was to significantly reduce the interest in the KNP partnership process. Discussions continued with a number of parties to the end of the financial year, and the Company continues to explore options for realising value from the Project.



Comparing the July 2014 Simulus 20ktpa Scoping Study to each of the Vale Inco 2009, Heron 2010 and Simulus 10Ktpa study outcomes:

Table 1: Comparison of Simulus Estimates with Previous Heron KNP Studies				
Parameter	Vale PFS January 2009	HRR PFS Revision February 2010	10Ktpa Scoping Study April 2014	20Ktpa Scoping Study July 2014
Capacity Mtpa Leach Feed	2.5	3.75	1.0	2.0
Mine Life (years)	34	35	22	35
Average Ni Production tpa in MHP	22,200	36,700	10,000	19,500
Overall Opex US\$/lb Ni (C1 cost)	4.54	4.17	3.56	4.27
Pre-production Capex A\$M	2,102	2,834	356	660
Overall Capex US\$/annual lb Ni	40.45	36.10	14.54	13.82

Refer to Heron's announcements of 8, 22 and 23 April 2014 and 31 July 2014 for details of the material assumptions underlying these outcomes. These assumptions all remain valid between the four studies.

During 2014-2015 Simulus conducted further testwork on the screen beneficiation characteristics of the KNP ore. This work confirmed earlier work that the KNP siliceous ore types returned significant higher nickel grades through a screen beneficiation process. The products from these tests were then used in further leaching tests which confirmed the results from 2014 as described previously.

KNP Field Programs

Screen Upgrade Testing

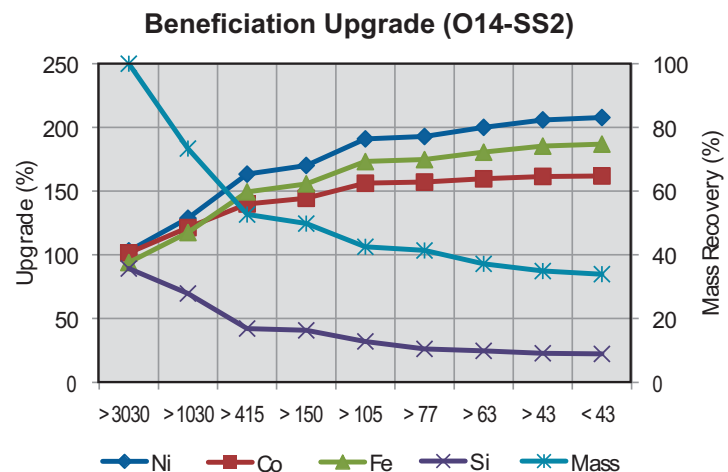
In Heron's 20ktpa KNP Scoping Study, conservative assumptions were made in respect of the screen upgrade performance of the ore (assumption of average 1.16% Ni Leach Feed Grade). The project economics were found to be highly sensitive to screen upgrade performance. Accordingly, bench-scale programs commenced at Simulus Engineers to better quantify the screen upgrade performance of the KNP siliceous ore.

Figure 13 shows screen upgrade of sonic drill core, Siberia North siliceous ore. At 63 micron, the upgrade is 200%, representing a doubling of the Leach Feed Grade compared to Head Grade. This is consistent with historical plant performance at the Cawse Nickel Operation when treating "KNP style" siliceous ore.

Mining Operations

Heron has granted chrysoprase mining rights over various KNP tenements to two separate parties, one of whom has commenced mining operations at Goongarrie Hill. This excavation is in siliceous style nickel laterite, and is providing useful information on the expected excavating performance of the KNP ore.

Figure 13: KNP Screen upgrade data



The KNP already combines a premium resource base with excellent infrastructure, a benign environment and strong community support. Securing the Carbon Friendly Nickel Production flow-sheet is the project's step-change to long-term, low cost nickel production.



BUSINESS DEVELOPMENT

During the initial part of the 2014 financial year business development was focused on the completion of the merger with TriAusMin announced on 10 March 2014. The merger, undertaken by way of a Scheme of Arrangement between the companies, was completed on 5 August. On 20 August, Heron completed its dual listing and commenced trading on the Toronto Stock Exchange under the ticker HER.

Following completion of the merger, focus turned towards the fast track development of the Woodlawn Zinc-Copper project as having the best leverage towards increasing value for shareholders.

During July through to September 2014 the Company completed the tasks associated with the integration of Heron and TriAusMin including finance and administration functions, and the Woodlawn Project development team. Immediately following the completion of the merger, Heron commenced execution of the detailed project development plan which had been agreed during the preceding months, which included the commencement of the Preliminary Economic Assessment, and the continued rationalisation of non-core assets. The Company was able to have drill rigs on site within weeks of the merger completion, and the PEA itself was finished on time, and within budget, in early 2015.

Also fundamental to the business development efforts during the year was ensuring that the Company's ongoing financing strategy facilitated the future development of the Project.

With the change in focus for the Company away from nickel and towards zinc, the Company recognised that there was an opportunity to facilitate the placement of the major stakes held by BHP Billiton Limited and Vale S.A., both legacies of their involvement in the Kalgoorlie Nickel Project dating back a number of years, thus helping to rebalance the shareholder register in favour of zinc-aligned investors.

As a result, on 27 August 2014 the Company announced that BHP Billiton had successfully sold its entire holding comprising approximately 10.4% of Heron shares to Sprott Inc and Exploration Capital Partners 2008 LP, a Limited Partnership managed by a subsidiary of Sprott. Sprott is a leading North American-based asset management firm with a strong track record of identifying and supporting emerging resource companies.

On 12 September 2014 the Company further announced that Vale S.A. had sold their entire holding comprising approximately 9.0% of Heron shares via a significantly oversubscribed book-build process conducted by Euroz Securities.

During the second half of the 2015 financial year the Company engaged in detailed discussions and due diligence with a number of equity, debt and offtake providers considering the opportunity to fast-track the development of the Project through applying a staged funding solution which would see the WRP components of the Project built first, followed by the WUP components once the Feasibility Study was completed.

This work resulted in the announcement, on 24 July 2015 of a strategic relationship with Greenstone Resources L.P. ("Greenstone") under which Heron would initially raise A\$6.8 million through a placement of 54.1 million shares to Greenstone. The initial placement, which was to be used for the Woodlawn Project development and for general corporate purposes, was undertaken at 12.6 cents per share, representing a significant premium to Heron's then share price.

Importantly, the relationship provided for later support by Greenstone of the project financing, with a potential additional investment by Greenstone of A\$13.2 million (or such amount that would take Greenstone's interest up to 19.9% of Heron shares) available at Greenstone's discretion should Heron proceed with the staged development of the Project.

The Company intends that the strategic relationship and associated financial support will provide a cornerstone equity investment position when the Project reaches the point at which final equity funding for construction and operations is sought. At present the Company anticipates seeking to fund the Project during 2016 following completion of the Feasibility Study.



Forward Looking Statements

This report contains forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws, which are based on expectations, estimates and projections as of the date of this report. This forward-looking information includes, or may be based upon, without limitation, estimates, forecasts and statements as to management's expectations with respect to, among other things, the timing and amount of funding required to execute the Company's exploration, development and business plans, capital and exploration expenditures, the effect on the Company of any changes to existing legislation or policy, government regulation of mining operations, the length of time required to obtain permits, certifications and approvals, the success of exploration, development and mining activities, the geology of the Company's properties, environmental risks, the availability of labour, the focus of the Company in the future, demand and market outlook for precious metals and the prices thereof, progress in development of mineral properties, the Company's ability to raise funding privately or on a public market in the future, the Company's future growth, results of operations, performance, and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend", "may" and similar expressions have been used to identify such forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the information is given, and on information available to management at such time. Forward-looking information involves significant risks, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors, including, but not limited to, fluctuations in currency markets, fluctuations in commodity prices, the ability of the Company to access sufficient capital on favourable terms or at all, changes in national and local government legislation, taxation, controls, regulations, political or economic developments in Canada, Australia or other countries in which the Company does business or may carry on business in the future, operational or technical difficulties in connection with exploration or development activities, employee relations, the speculative nature of mineral exploration and development, obtaining necessary licenses and permits, diminishing quantities and grades of mineral reserves, contests over title to properties, especially title to undeveloped properties, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drill results and other geological data, environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding, limitations of insurance coverage and the possibility of project cost overruns or unanticipated costs and expenses, and should be considered carefully. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Prospective investors should not place undue reliance on any forward-looking information. Although the forward-looking information contained in this report is based upon what management believes, or believed at the time, to be reasonable assumptions, the Company cannot assure prospective purchasers that actual results will be consistent with such forward-looking information, as there may be other factors that cause results not to be as anticipated, estimated or intended, and neither the Company nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking information. The Company does not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by law.

3.0 Corporate Profile

HERON RESOURCES LIMITED (“Heron” or “the Company”) is engaged in the exploration and development of base and precious metal deposits in Australia. Following its merger with TriAusMin in August 2014, the Company is focused on the development of the high grade Woodlawn Project located 250km southwest of Sydney in New South Wales. Heron also owns the Kalgoorlie Nickel Project located north of Kalgoorlie in Western Australia, and holds a number of other quality base metal and copper-gold exploration properties located in the Lachlan Fold Belt of New South Wales.

WOODLAWN ZINC-COPPER PROJECT

Heron holds a direct 100% ownership of the mineral rights at the Woodlawn Mine site situated 40km south of Goulburn and 250km south-west of Sydney, in southern NSW, Australia (Figure 14). It is Heron’s aim to create a profitable, long life and low cost mineral processing operation at Woodlawn that produces base and precious metal concentrates. Heron also holds a portfolio of advanced stage exploration tenements adjacent to the Woodlawn site covering the prospective felsic volcanic units that host the Woodlawn Volcanogenic Massive Sulphide (VMS) deposit.

Historically, the Woodlawn Mine operated from 1978 to 1998 and processed 13.8 million tonnes of ore from the Woodlawn open pit, underground and satellite deposits grading 9.1% zinc, 1.6% copper; 3.6% lead, 0.5g/t gold and 74g/t silver.

The mine was closed in March 1998 due to prevailing low metal prices and external corporate issues. Post mine closure the mineral rights contained within the Woodlawn Mining Licence SML20 were purchased by TriAusMin Ltd. Since that time, work has focused on evaluating the potential to reprocess tailings from previous mining operations (termed the Woodlawn Retreatment Project – WRP), and to redevelop the underground mine (the Woodlawn Underground Project – WUP). Regional exploration has also been undertaken in the vicinity of Woodlawn with the objective of discovering high grade satellite deposits (Woodlawn Exploration Project – WEP).

The brownfields drilling and down-hole Electro-Magnetic (DHEM) exploration undertaken by Heron at the Woodlawn site continues to generate new and extend existing exploration signatures of VMS style systems in Australia’s second largest historic VMS system (second only to Rosebery, Tasmania).

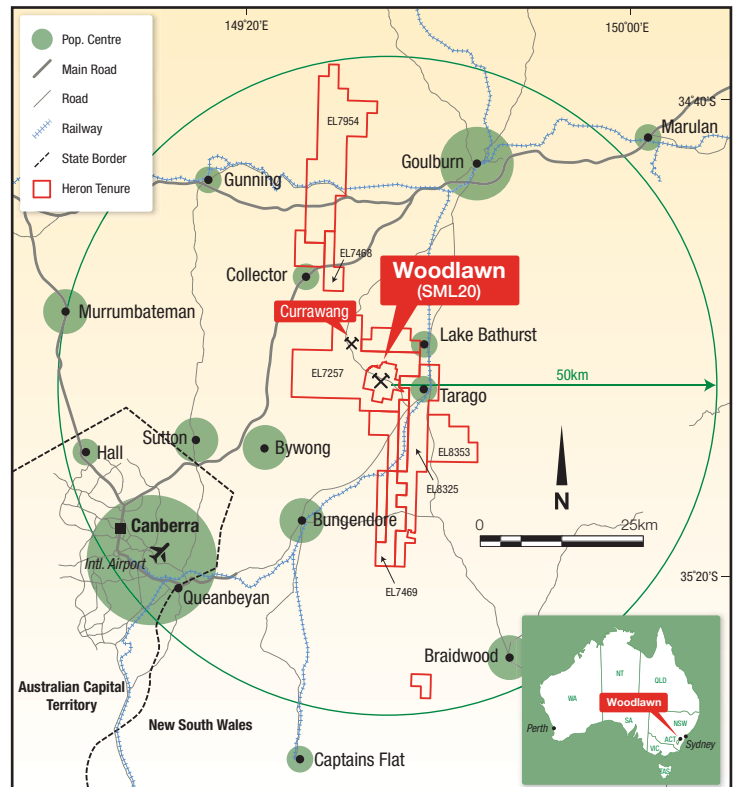
Release of Preliminary Economic Assessment

In April 2015, Heron announced the completion of the Woodlawn Preliminary Economic Assessment (PEA) study. This study represents the first complete study on the Woodlawn project incorporating the combined treatment of both the WUP and WRP through a single processing facility rated at 1.5Mtpa.

The project continues to demonstrate strong base case economics, and key project inputs and variables continue to be adjusted as new information comes to hand. The current base case results include:

Combined Underground plus Tailings “UG Starter Case”	Post-tax NPV _{8.3} *	A\$291 million
	Post-tax IRR	46%
	Initial Capital	A\$140 million
	Payback Period	2.0 years from commissioning
	Net Cash Flow Post-tax	A\$577 million
	C1 cost (Zn primary)	US\$0.00/lb
* Results reported using an 8.3% post tax real discount rate (approx. 10% post-tax nominal).	C3 cost (Zn primary)	US\$0.30/lb

Figure 14: Woodlawn Project Location Plan



Commencement of the Feasibility Study

Following the completion of the PEA, the Company commenced the Feasibility Study for Woodlawn, with a budget of approximately \$11 million, which is fully funded from the Company's existing cash reserves, and is expected to be completed within the first half of 2016.

In addition to the Phase II drill program for the feasibility study which has commenced, additional work planned involves updating of the Woodlawn Retreatment Project Front End Engineering Design ("FEED") study that was completed in 2012 and a FS level study covering the combined development of the WUP and WRP.

Further work has commenced in finalising operational work plans required for project construction and operation in consultation with various government bodies.

Metallurgical test work on recent drill core samples is underway to confirm flowsheet design. A geotechnical program is being planned to allow for the design of the optimised underground portal access. This work will be undertaken in conjunction with the drilling program.

Equity placement with Strategic Investor, Greenstone Resources LP

On 24 July 2015 Heron announced that it had secured a strategic relationship with Greenstone Resources L.P. ("Greenstone") under which Heron will initially raise \$6.8 million through a placement of 54.1 million shares to Greenstone. Should Heron proceed with the staged development of the Woodlawn Project, the arrangements provide for a potential additional investment by Greenstone of \$13.2 million (or such amount that would take Greenstone's interest up to 19.9% of Heron shares).

The initial placement, which is to be used for the Woodlawn Project development and for general corporate purposes, was undertaken at 12.6 cents per share, representing a significant premium to Heron's share price. Following completion of the initial Placement, Greenstone has an interest of approximately 13% of the issued capital of the Company and is now the largest individual shareholder. The Greenstone investment was completed on 17 August 2015.

CORPORATE GOVERNANCE STATEMENT

The Board of Heron is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its Shareholders for the performance of the Company and seeks to communicate extensively with Shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of Shareholder wealth and provide accountability.

In accordance with Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly the following information about the Company's Corporate Governance practices is set out on the Company's website at **www.heronresources.com.au**:

- Board Charter;
- Audit & Governance Committee Charter;
- Remuneration & Nomination Committee Charter;
- Policy on securities trading;
- Policy on continuous disclosure;
- Policy regarding communication with Shareholders;
- Policy on the Company's risk management;
- Policy on Employee Diversity;
- Policy on HSEC;
- Policy on Whistleblowers; and
- Code of Conduct.

4.0 Directors' Report

The Directors submit their Report on the Company and its controlled entities for the year ended 30 June 2015.

DIRECTORS

The names and details of the Directors of the Company in office at any time during or since the end of the year are:

Director Stephen Dennis - BCom BLLB GDipAppFin(Finsia)
Appointed 05 December 2006
Position Chairman (Non-Executive) of the Board, Member of Audit & Risk Committee, Chair of Remuneration & Nomination Committee. Stephen Dennis has been actively involved in the mining industry for 30 years. He has held senior management positions at MIM Holdings Limited, Minara Resources Limited, and Brambles Australia Limited. Until recently, Mr Dennis was the Chief Executive Officer and Managing Director of CBH Resources Limited, the Australian subsidiary of Toho Zinc Co., Ltd of Japan.

Other current directorships

Non executive Director of Rox Resources Limited from August 2015; and Non-executive Chairman of Cott Oil and Gas Limited since January 2013.

Former directorships in last 3 years

Managing Director of CBH Resources Limited until July 2015

Director Wayne Taylor - BEng (Mining), MBA

Appointed 11 August 2014

Position Managing Director and CEO

Mr. Taylor is a mining engineer with over 25 years experience in the mining industry. He holds a Bachelor of Engineering (Mining) degree from the University of New South Wales and a Masters of Business Administration from the University of New England. Mr Taylor has held senior operational management roles with Western Mining Corporation and Glencore International's Australian operations. For the six years prior to joining TriAusMin he managed Glencore's base metal business development based out of Australia which involved assessing mining projects throughout the world. Mr. Taylor was the Managing Director and CEO of TriAusMin for the last 3 years prior to the Heron merger.

Other current directorships

None

Former directorships in last 3 years

Managing Director and CEO of TriAusMin Ltd until August 2014.

Director Ian Buchhorn - BSc (Hons), Dip Geosci (Min Econ), MAusIMM.

Appointed 17 February 1995

Position Executive Director

Ian Buchhorn is a Mineral Economist and Geologist with over 35 years experience. Prior to listing Heron in 1996 as founding managing director, Mr Buchhorn worked with Anglo American Corporation in southern Africa, and Comalco, Shell/Billiton and Elders Resources in Australia, as well as setting up and managing Australia's first specialist mining grade control consultancy. Mr Buchhorn has worked on feasibility studies, bauxite and industrial mineral mining and exploration, gold and base metal project generation, and in corporate evaluations. For the last 25 years Mr Buchhorn has acquired and developed mining projects throughout the Eastern Goldfields of Western Australia and operated as a Registered Mine Manager.

Other current directorships

Non-executive Director of Rubicon Resources Limited since August 2005; and Non-executive Director of Golden Cross Resources Limited since March 2014.

Former directorships in last 3 years

None

Director Borden Putnam III - MSc, RPG
Appointed 12 December 2014
Position Director (Non-Executive), Member of Audit & Risk Committee, Member of Remuneration & Nomination Committee

Mr. Putnam is a professional geologist with over 38 years of experience in the mineral industry, with focus on exploration and asset evaluations in the mineral investment business. From 1976-1991 he worked as a Project Geologist and a District Manager for AMAX Exploration and Newmont Exploration Limited respectively. He served as Vice-President and Chief Geologist for MRDI (now AMEC) an internationally recognised mining consultancy firm from 1991-1996. Mr. Putnam was Vice-President and Principal with Robertson Stephens Investment Management from 1996-2001, and from 2001-2009 was Managing Director of Eastbourne Capital Management; both firms which were engaged in mineral investment management principally as private hedge funds. In 2009, Mr Putnam, established his mining industry consultancy business providing technical evaluations, due diligence audits and investment advice to clients in the mineral resource industry.

Other current directorships

Non-executive Director Mirasol Resources (TSX:MRZ); and Non-executive Director Meryllion Resources (TSX:MYR).

Former directorships in last 3 years

Non-executive Director Concordia Resources (TSX:CCN); and Non-executive Director Great Bear Resources (TSX:GBR).

Director Fiona Robertson - MA (Oxon) (Geology), M AusIMM, FAICD

Appointed 9 April 2015

Position Director (Non-Executive), Chair of Audit & Risk Committee, Member of Remuneration & Nomination Committee

Ms Robertson is a finance professional and practicing non-executive director and audit/risk committee chair with a background of more than 20 years as a chief financial officer in the emerging and mid-tier resources sector and 14 years as a corporate banker working in Sydney, New York and London with Chase Manhattan Bank. Ms Robertson's executive experience includes CFO roles with Petsec Energy Ltd; Climax Mining Ltd and Delta Gold Ltd; as well as various corporate banking roles with Chase Manhattan Bank.

Other current directorships

Non-executive Director and Chair of the Audit & Risk Committee of Drillsearch Energy Ltd; Non-executive Chair of One Asia Resources Ltd; and National Committee Member & Chair NSW of WIMnet (AusIMM's Women in Mining Network).

Former directorships in last 3 years

None

Director Mark Sawyer - LL.B.

Appointed 19 August 2015

Position Director (Non-Executive)

Mr Sawyer co-founded Greenstone Resources in 2013 after a 16 year career in the mining sector. Prior to establishing Greenstone, Mr Sawyer was GM and Co-Head Group Business Development at Xstrata plc where he was responsible for originating, evaluating and negotiating new business development opportunities for Xstrata. Prior to Xstrata Mr Sawyer held senior roles at Cutfield Freeman & Co (a boutique corporate advisory firm in the mining industry) and at Rio Tinto plc. Mr Sawyer is a resident of the United Kingdom.

Other current directorships

North River Resources Plc

Former directorships in last 3 years

21st Century Legacy

Director Craig Readhead - B.Juris. LL.B.
Appointed 23 November 2001 – Resigned 30 April 2015
Position Chairman (Non-Executive), Member of Audit & Governance Committee, Chairman of Remuneration & Nomination Committee
 Craig Readhead is a lawyer with over 30 years legal and corporate advisory experience with specialisation in the resources sector, including the implementation of large scale mining projects both in Australia and overseas. Mr Readhead is a former president of the Australian Mining and Petroleum Law Association and is a Partner of specialist mining and corporate law firm Allion Legal.

Other current directorships

Chairman of Beadell Resources Limited since 2010; Non-executive Director of General Mining Corporation since 2009; Non-executive Director of Redbank Copper Limited since April 2013; Non-executive Director of Swan Gold Mining Limited since March 2013; Non-executive Director of Western Areas Limited since June 2014.

Former directorships in last 3 years

Chairman of Galaxy Resources Limited 2000-2013; Non-executive Director of India Resources Limited 2007-2012; Non-executive Director of Mount Gibson Iron Limited 2002-2011; and Non-executive Director of Frankland River Olive Company Limited 2000-2012.

Director James Gill - BSc, MSc, PhD

Appointed 11 August 2014 – Resigned 19 August 2014

Position Deputy Chairman (Non-Executive)

Dr Gill has been involved in the mining business for over 40 years, and his experience ranges from exploration, mine development and operations, acquisitions to project financing. He founded Aur Resources Inc. in 1981, which grew from an exploration company into a significant, profitable producing copper mining company under his leadership as its President and Chief Executive Officer for 26 years until August 2007 when Aur was taken over by Teck Resources. He earned his B.Sc and M.Sc degrees from McGill University and a Ph.D degree in economic geology from Carleton University.

Other current directorships

Thundermin Resources Inc (TSX:THR)

Former directorships in last 3 years

Orezone Gold (TSX: ORE) until August 2011; and TriAusMin Ltd until August 2014.

SENIOR EXECUTIVE OFFICERS

Chief Operating Officer

The Chief Operating Officer (COO) is Andrew Lawry B App Sc (Metallurgy). Mr Lawry brings more than 28 years experience in project management, engineering, construction, commissioning and operations, both in Australia and overseas. He has worked for several leading resource companies including Polymetals, Newcrest and engineering firms Bateman, Normet and Q-Proc. Notably, Mr Lawry managed, from construction through to operation, the successful retreatment of the Hellyer base metal tailings project in 2006 in western Tasmania. With this experience he is well qualified to lead the successful development of the Woodlawn Project which comprises the retreatment of tailings in combination with an underground mining development.

Chief Financial Officer and Company Secretary

The Chief Financial Officer (CFO) and Company Secretary is Simon Smith B.Bus CA. Mr. Smith has been a Chief Financial Officer of both private and public companies in Australia and the USA. He brings 20 years experience in the business world as a Chartered Accountant and holds a Bachelor's Degree in Business from the University of Technology Sydney. Mr. Smith was the CFO and Company Secretary for TriAusMin prior to the merger with Heron Resources.

General Manager - Exploration and Geology

The Exploration Manager, David von Perger BSc (Hons) MAusIMM was appointed to this position in February 2006. Mr von Perger is a geologist with some 20 years experience in mineral exploration having worked in several locations around Australia. Mr von Perger has worked on various styles of mineral deposits including Archaean gold and nickel, and Proterozoic base-metals and iron-ore. His experience includes four years as a business analyst for a major mining group involving analysis of mining operations, project development and assessment of new opportunities. Since his appointment with Heron in February 2004, Mr von Perger has been responsible for the identification and acquisition of several new nickel, gold, iron-ore and base-metal projects.

General Manager - Strategy & Business Development

Charlie Kempson MEng (Oxon), MBA, GAICD is a senior corporate finance executive who was most recently an equity partner and Director of Azure Capital Limited, a mining focused leading independent Perth-based corporate advisor, where he worked for nine years advising boards and senior executives across a range of industries including mining, oil & gas and related services on business development, corporate strategy, finance, and mergers and acquisitions. Prior to his arrival in Australia in 2002 Mr Kempson spent five years with investment banks Commerzbank AG and Barclays Capital in London and Germany, and four years working in technical roles for Logica (now part of CGI Group).

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year were base and precious metal mineral exploration and development through sole funded and joint venture activities.

OPERATING RESULTS

The loss of the consolidated entity for the 2015 financial year after income tax of nil (2014: nil) was \$5,673,844 (2014: \$6,389,236).

DIVIDENDS

No dividends were paid during the year and the Directors do not recommend the payment of a dividend.

OPERATIONS REVIEW

The detailed review of operations of the Consolidated Entity for the year is contained in Section 2.0 of the final printed Annual Report. Management's Discussion and Analysis for the three and twelve month period ending 30 June 2015 can be found in Appendix 2 of this report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the acquisition of TriAusMin Ltd in August 2014 (refer Note 25), there were no significant changes in the state of affairs of the Consolidated Entity during the year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 24 July 2015 Heron announced that it had secured a strategic relationship with Greenstone Resources L.P. ("Greenstone") under which Heron will initially raise \$6.8 million through a placement of 54.1 million shares to Greenstone. Should Heron proceed with the staged development of the Woodlawn Project, the arrangements provide for a potential additional investment by Greenstone of \$13.2 million (or such amount that would take Greenstone's interest up to 19.9% of Heron shares). The Greenstone investment was completed on 17 August 2015.

Other than noted at the date of this Report there is no matter or circumstance which has arisen since 30 June 2015 that has significantly affected or may significantly affect:

- The operations of the Consolidated Entity;
- The results of those operations; or
- The state of affairs of the Consolidated Entity.

OPTIONS

No Options were issued or exercised during the year, other than options previously held by TriAusMin option holders whose options became Heron options on 5 August 2014.

On 5 August 2014 the following Options were issued as part of the transfer of TriAusMin options to Heron options on the same ratio as the share issue (1 Heron option for every 2.33 TriAusMin options):

Number Issued	Expiry Date	Exercise Price
171,674	23 October 2017	\$0.14
85,836	27 June 2016	\$0.27
21,459	23 June 2015	\$0.58
21,459	13 June 2017	\$0.22
21,459	13 March 2018	\$0.15
214,592	18 November 2015	\$0.23
85,837	21 November 2017	\$0.23
21,459	4 February 2017	\$0.27
21,459	23 October 2017	\$0.14
858,369	19 March 2016	\$0.37
858,369	20 November 2018	\$0.09
21,459	22 February 2018	\$0.17
21,459	31 January 2019	\$0.09
2,424,890		

The following Options expired during the year:

Number Issued	Expiry Date	Exercise Price
2,500,000	23 June 2015	\$0.27
333,333	16 January 2015	\$0.22
85,837	23 October 2017	\$0.14
21,459	23 June 2015	\$0.58
214,592	18 November 2015	\$0.23
85,837	21 November 2017	\$0.23
42,918	27 June 2016	\$0.27
85,837	23 October 2017	\$0.14
3,369,813		

As at the date of this report the Company had the following options on issue:

Date Options Granted	Expiry Date	Number Issued	Exercise Price
29 November 2006	7 September 2016	5,000,000	\$0.6864
19 November 2011	23 June 2016	2,500,000	\$0.31
5 October 2012	16 January 2016	333,333	\$0.27
5 October 2012	16 January 2017	333,334	\$0.31
3 April 2013	5 March 2016	1,000,000	\$0.22
3 April 2013	5 March 2017	1,000,000	\$0.27
3 April 2013	5 March 2018	1,000,000	\$0.31
5 August 2014	27 June 2016	42,918	\$0.27
5 August 2014	13 June 2017	21,459	\$0.22
5 August 2014	13 March 2018	21,459	\$0.15
5 August 2014	4 February 2017	21,459	\$0.27
5 August 2014	19 March 2016	858,369	\$0.37
5 August 2014	23 October 2017	21,459	\$0.14
5 August 2014	20 November 2018	858,369	\$0.09
5 August 2014	22 February 2018	21,459	\$0.17
5 August 2014	31 January 2019	21,459	\$0.09

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

LIKELY DEVELOPMENTS

Further information on the likely developments in the operations of the Consolidated Entity and the expected results of those operations have not been included in this Report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

DIRECTORS AND KEY MANAGEMENT PERSONNEL SHAREHOLDINGS IN THE COMPANY

As at the date of this Report the interests of the Directors in the Shares of the Company were:

Directors	Ordinary Shares		Option over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
I Buchhorn	2,518,241	44,272,718	1,000,000	5,000,000
S Dennis	-	1,000,000	-	-
W Taylor	168,619	1,099,325	1,716,738	-
B Putnam	-	-	-	-
F Robertson	-	-	-	-
M Sawyer	-	-	-	-
Key Management Personnel				
A Lawry	-	50,000	-	-
D von Perger	478,136	130,000	1,000,000	-
S Smith	72,961	60,000	-	-
C Kempson	-	3,283,491	3,000,000	-

DIRECTORS MEETINGS

During the year the Company held 12 meetings of Directors. The attendance of the Directors at meetings of the Board were:

Director	Meetings held while a director	Number of meetings attended	Audit Committee Meetings	Remuneration and Nomination Committee meetings
I Buchhorn	12	12	-	-
S Dennis	12	12	4	1
W Taylor	12	12	-	-
B Putnam	6	5	2	-
F Robertson	2	2	1	1
C Readhead	10	10	3	-
J Gill	1	1	-	-

REMUNERATION REPORT

The Board seeks independent advice on remuneration policies and practices, involving the remuneration packages and terms of employment of Directors. Remuneration levels are competitively set to attract the most qualified and experienced Directors and Senior Executive Officers in the context of prevailing market conditions. There is no direct link between Director and Senior Executive remuneration and corporate performance, other than the performance conditions attaching to options.

Remuneration levels and other terms of employment for Mr Taylor, Mr Buchhorn, Mr Smith, Mr Lawry, Mr Kempson and Mr von Perger are formalised in service agreements/work contracts.

The agreement with **Mr Taylor** requires the provision of his services as Managing Director and CEO of the Company and contains the following major provisions:

- No fixed term;
- Current base salary of \$367,000 exclusive of 15% superannuation; and
- In the event that the Company terminates Mr Taylor's employment other than for matters concerning fraud and dishonesty and the like the Company will pay Mr Taylor the maximum amount payable in accordance with the formula prescribed by section 200G of the Corporations Act. The length of notice to be given by both parties on termination is six months.

The agreement with **Mr Buchhorn** requires the provision of his services as Executive Director of the Company and contains the following major provisions:

- No fixed term;
- Current base salary of \$321,000 exclusive of superannuation; and
- In the event that the Company terminates Mr Buchhorn's employment other than for matters concerning fraud or dishonesty the Company will pay Mr Buchhorn the maximum amount lawfully payable (7 years annual salary) in accordance with the provisions of the Corporations Act at the time the contract was entered into in 2009. The length of notice to be given by both parties on termination is six months.

The agreement with **Mr Smith** requires the provision of his services as CFO and Company Secretary of the Company through Mr Smith's consultancy company CFO Source Pty Ltd and contains the following major provisions:

- No fixed term;
- Payments are set at a daily rate inclusive of superannuation and ancillary employment costs; and
- The Company may terminate the agreement with Mr Smith by giving 30 days' notice.

The agreement with **Mr Lawry** requires the provision of his services as Chief Operating Officer of the Company and contains the following major provisions:

- No fixed term;
- Current base salary of \$310,000 exclusive of superannuation; and
- Termination can be made by either Mr Lawry or the Company by giving not less than three months' notice.

The agreement with **Mr von Perger** requires the provision of his services as Exploration Manager of the Company and contains the following major provisions:

- No fixed term;
- Current base salary of \$261,000 exclusive of superannuation plus car; and
- Termination can be made by either Mr Von Perger or the Company by giving not less than three months' notice.

The agreement with **Mr Kempson** requires the provision of his services as General Manager Strategy and Business Development of the Company and contains the following major provisions:

- No fixed term;
- Current base salary of \$261,000 exclusive of superannuation; and
- Termination can be made by either Mr Kempson or the Company by giving not less than three months' notice.

Non-executive Directors, Stephen Dennis, Borden Putnam, Fiona Robertson and Mark Sawyer, receive a fixed fee for their services as directors. Non-executive Directors fees not exceeding an aggregate of \$500,000 per annum have been approved by the Company in a general meeting on the 5 June 2007. There is no direct link between non-executive Directors fees and corporate performance. There are no termination or retirement benefits for non-executive Directors (other than statutory superannuation).

On 19 June 2015 bonuses were approved by the remuneration committee for W Taylor (\$50,000), D Von Perger (\$30,000) and C Kempson (\$40,000). These were granted based on an assessment of their performance in the year in achieving key milestones and deliverables. They are disclosed as 'Cash, salary & fees'; in the table below.

Other than outlined above, since the end of the previous financial year, no Director has received or become entitled to receive a benefit, other than benefits disclosed in the financial statements.

	Short-term -----benefits-----		Post-employment -----benefits-----		Termination payments	Share- based payment options	Total
	Cash salary & fees	Non-cash	Super	Retirement			
	\$	\$	\$	\$	\$	\$	\$
Directors							
I Buchhorn	321,101	2,589	30,505	-	-	244,918	599,113
S Dennis	76,333	-	7,252	-	-	-	83,585
W Taylor ⁽²⁾	356,227	-	45,875	-	-	78,998	481,100
B Putnam	38,298	-	-	-	-	-	38,298
F Robertson	14,848	-	1,411	-	-	-	16,259
C Readhead (resigned on 30 April 2015)	91,667	-	-	-	-	-	91,667
J Gill (resigned on 19 August 2014)	5,463	-	-	-	-	6,597	12,060
Key Management Personnel ("KMP")							
D von Perger	291,468	8,108	24,839	-	-	-	324,415
A Lawry ⁽¹⁾	3,584	-	340	-	-	-	3,924
C Kempson	301,468	-	24,839	-	-	50,763	377,070
S Smith ⁽²⁾	236,976	-	-	-	-	-	236,976
Total	1,737,433	10,697	135,061	-	-	381,276	2,264,467

⁽¹⁾ Mr Lawry has been a KMP since 22 June 2015.

⁽²⁾ Mr Smith and Mr Taylor have been KMPs since 5 August 2014

⁽³⁾ All other KMPs have been KMPs for the full year.

Fair values for the options at grant date, as included in the previous table, were determined using Black and Scholes and/or Binomial models that took into account the exercise price of the Option, the term of the Option, the vesting and performance criteria, the non-tradable nature of the Option, the Share price at grant date and the expected price volatility of the underlying Share and the risk-free interest rate for the term of the Option.

Share based payment included above for Mr Buchhorn is 100% performance related. Share based payments for key management personnel are not performance related. The share based payment remuneration not performance related is based on 1, 2 or 3 year vesting period.

The share based payment options included as remuneration of the Directors and Key Management Personnel, vest upon the following conditions:

Conditions	Number Issued
The Company must achieve Full Ramp Up (production rate of equal to or greater than the design capacity for at least one quarter) for the KNP laterite project within ten years.	5,000,000
Vesting three years after 23 June 2011	2,000,000
Vesting one year after 5 March 2014	1,000,000
Vesting two years after 5 March 2014	1,000,000
Vesting three years after 5 March 2014	1,000,000
Vest immediately	858,369
Vesting 0.3 years after 5 August 2014	286,123
Vesting 1.3 years after 5 August 2014	286,123
Vesting 2.3 years after 5 August 2014	286,123
	11,716,738

Details of options held by Directors and Key Management Personnel affecting their remuneration are as follows:

Name	Grant date	Vesting date	Expiry date	Exercise price	Number	Performance achieved	Option value at grant date	% vested in year
I Buchhorn	29 Nov 2006	n/a	7 Sep 2016	\$0.6864	5,000,000	No	\$0.4791	0%
	19 Nov 2011	23 Jun 2014	23 Jun 2016	\$0.31	1,000,000	n/a	\$0.082	0%
D Von Perger	19 Nov 2011	23 Jun 2014	23 Jun 2016	\$0.31	1,000,000	n/a	\$0.082	0%
C Kempson	3 Apr 2013	5 Mar 2014	5 Mar 2016	\$0.22	1,000,000	n/a	\$0.066	0%
	3 Apr 2013	5 Mar 2015	5 Mar 2017	\$0.27	1,000,000	n/a	\$0.07	100%
	3 Apr 2013	5 Mar 2016	5 Mar 2018	\$0.31	1,000,000	n/a	\$0.076	0%
W Taylor	5 Aug 2014	5 Aug 2014	19 Mar 2016	\$0.37	858,369	n/a	\$0.0203	100%
	5 Aug 2014	20 Nov 2014	20 Nov 2018	\$0.09	286,123	n/a	\$0.1034	100%
	5 Aug 2014	20 Nov 2015	20 Nov 2018	\$0.09	286,123	n/a	\$0.1034	0%
	5 Aug 2014	20 Nov 2016	20 Nov 2018	\$0.09	286,123	n/a	\$0.1034	0%

EMPLOYEE DIVERSITY

Women currently represent 38% of employees in the Company as a whole. There is currently one woman on the Board.

CORPORATE GOVERNANCE

The Company has undertaken a thorough review of its Corporate Governance practices and policies in accordance with both the TSX and ASX Corporate Governance Best Practices Recommendations. Following guidance from the ASX the Corporate Governance policy can be found on our website in line with Listing Rule 4.10.3.

ENVIRONMENTAL REGULATION

The Consolidated Entity is subject to and compliant with all aspects of environmental regulation in respect of its exploration and development activities. The Directors are not aware of any environmental regulation which is not being complied with.

ABORIGINAL CULTURE AND HERITAGE

The Consolidated Entity is subject to and compliant with all aspects of Aboriginal Heritage regulation in respect of its exploration and development activities. The Directors are not aware of any regulation which is not being complied with. The Directors are committed to cultural respect in undertaking business activities of the Company.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

NON-AUDIT SERVICES

The Consolidated Entity has not employed the auditor on any assignments additional to their statutory audit duties.

AUDITOR

The Audit Committee of the Company recommended the approval of Ms Lucy Gardner of Butler Settineri (Audit) Pty Ltd as auditor of the Company for two successive financial years in addition to the five successive years mentioned in s324DA(1) of the Corporations Act.

The Audit Committee is satisfied that the approval:

- i) is consistent with maintaining the quality of the audit provided to the Company; and
- ii) would not give rise to a conflict of interest situation (as defined in s324CD)

It is noted that 2015 is the final year in which Ms Gardner will sign the Audit opinion. The Board wishes to formally thank her for her excellent service.

ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of Directors



S B Dennis
Chairman

Perth, 27 August 2015

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Heron Resources Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Heron Resources Limited and the entities it controlled during the year.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER
Director

Perth

Date: 27 August 2015

5.0 Consolidated Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

		Consolidated Entity	
	Notes	2015	2014
		\$'000	\$'000
REVENUES FROM CONTINUING ACTIVITIES	2	1,137	1,389
Accountancy fees		(12)	(26)
Audit fees		(40)	(38)
Consultants expense		(99)	(155)
Depreciation expense	3(a)	(55)	(54)
Directors fees		(232)	(173)
Employee benefits expense		(993)	(309)
Insurance expense		(139)	(57)
Legal fees		(129)	(183)
Equity settled share based payments	14(b)	(418)	(449)
Other expenses from ordinary activities	3(b)	(1,112)	(598)
Exploration expenditure expensed as incurred	9	(2,092)	(3,497)
Exploration expenditure written off	9	-	(405)
Investment impairment	6(a) & (b)	(1,490)	(1,834)
PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(5,674)	(6,389)
INCOME TAX EXPENSE	4	-	-
PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		(5,674)	(6,389)
NET PROFIT (LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		(5,674)	(6,389)
OTHER COMPREHENSIVE INCOME			
Changes in market value of financial assets		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(5,674)	(6,389)
		\$	\$
Basic earnings per Share	21	(0.01620)	(0.02526)
Diluted earnings per Share	21	(0.01620)	(0.02526)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

		Consolidated Entity	
	Notes	2015 \$'000	2014 \$'000
CURRENT ASSETS			
Cash and cash equivalents	15(c)	24,015	32,915
Trade and other receivables	5	362	337
Investments	6(a)	-	1,359
TOTAL CURRENT ASSETS		24,377	34,611
NON-CURRENT ASSETS			
Trade and other receivables	7	35	35
Investments	6(b)	2,328	3,321
Property, plant and equipment	8	493	58
Exploration and evaluation costs carried forward	9	27,119	4,578
TOTAL NON-CURRENT ASSETS		29,975	7,992
TOTAL ASSETS		54,352	42,603
CURRENT LIABILITIES			
Trade and other payables	10	1,461	281
Provisions	11	740	560
TOTAL CURRENT LIABILITIES		2,201	841
TOTAL LIABILITIES		2,201	841
NET ASSETS		52,151	41,762
EQUITY			
Contributed equity	12	131,680	116,035
Option reserve	14(b)	2,626	2,441
Accumulated losses	14(a)	(82,155)	(76,714)
TOTAL EQUITY		52,151	41,762

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Issued Capital \$'000	Accumulated Losses \$'000	Option Reserve \$'000	Total \$'000
As at 30 June 2014		116,035	(76,714)	2,441	41,762
Total comprehensive income for the year		-	(5,674)	-	(5,674)
Issue of share capital	12	15,645	-	-	15,645
Option reserve write back	14(b)	-	233	(233)	-
Cost of share based payments	14(b)	-	-	418	418
As at 30 June 2015		131,680	(82,155)	2,626	52,151
As at 30 June 2013		116,035	(73,924)	5,591	47,702
Total comprehensive income for the year		-	(6,389)	-	(6,389)
Issue of share capital		-	-	-	-
Option reserve write back	14(b)	-	3,599	(3,599)	-
Cost of share based payments	14(b)	-	-	449	449
As at 30 June 2014		116,035	(76,714)	2,441	41,762

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Consolidated Entity	
		2015	2014
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		1,005	1,419
Payments to suppliers		(2,930)	(1,516)
NET CASH USED IN OPERATING ACTIVITIES	15(a)	(1,925)	(97)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration expenditure		(6,882)	(3,402)
Purchase of investments	6(b)	(427)	(3,180)
Sale of investments		128	3
Acquisition of plant and equipment		(122)	(15)
Proceeds from sale of plant and equipment		13	9
NET CASH USED IN INVESTING ACTIVITIES		(7,290)	(6,585)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		-	-
NET INCREASE / (DECREASE) IN CASH HELD		(9,215)	(6,682)
Cash acquired via TriAusMin acquisition		315	-
Cash at the beginning of the reporting period		32,915	39,597
CASH AT THE END OF THE REPORTING PERIOD	15(c)	24,015	32,915

The accompanying notes form part of these financial statements

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1. STATEMENT OF ACCOUNTING POLICIES

The Company is a public company limited by shares. The Company was incorporated in Western Australia.

The Company is a for profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by Heron Resources Limited and its controlled entities (the Company) in the preparation of the financial statements.

a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB's) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

In the application of IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment. Actual results may differ from these estimates.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss, certain classes of property, plant and equipment and investment property.

The consolidated financial statements are presented in Australian Dollars which is the consolidated entity's functional and presentation currency.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity, however none of these standards or interpretations have a material impact on the presentation of the financial statements:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The consolidated entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB

124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

b) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All inter-company balances and transactions between entities in the Company, including any unrealised profits or losses, have been eliminated on consolidation.

c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability at the same time.

The resulting deferred tax assets of the Company are currently not recognised and included as an asset because recovery is considered not probable in the next five years.

Heron Resources Limited and its wholly owned Australian controlled entities have implemented the tax consolidated legislation as of 1 July 2003.

d) Segment reporting

A segment is a distinguishable component of the Company that is engaged in the minerals industry in Australia. The Company's activities are divided into five main categories and this information is presented on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The CODM reviews segmental information on a monthly basis vs budget. The accounting policies adopted for internal reporting are consistent with those adopted in the financial statements.

Woodlawn – Tenements related to the Woodlawn Underground Project (WUP) and Woodlawn Retreatment Project (WRP)

Lewis Ponds – Tenements relating to the Lewis Ponds Project.

KNP – Tenements related to the Kalgoorlie Nickel Project.

Exploration – Tenements not Woodlawn, Lewis Ponds or KNP related.

Corporate – Corporate activity.

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, duties and taxes paid. The main revenue is interest received, which is recognised on an accrual basis using the effective interest rate method.

f) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses where applicable.

The land at Lewis Ponds (refer Note 8) of \$325,000 represents the market value of the land as at the date of acquiring TriAusMin Ltd in August 2014.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation and amortisation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, are as follows:

Motor Vehicles	3-5 years
Fixtures and Fittings	5-15 years
Plant and Equipment	5-15 years
Land and Buildings	15-25 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

g) Exploration, evaluation, development and restoration costs

Exploration, evaluation and development expenditure incurred is expensed immediately unless it relates to a specific project in which case it is carried forward to the extent that it is expected to be recouped through the successful development of the area, or by its sale. During 2015 all expenses capitalised relate to the Woodlawn project.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Accumulated costs are not carried forward in respect of any area of interest unless rights to tenure of that area are current.

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation and development phases that give rise to the need for restoration.

h) Investments

Investments held by the Company are classified as being available-for-sale financial assets and are stated at fair value, being the market value of the shares held at balance date. Where a reduction in value is significant or prolonged it is recognised as impairment in the statement of profit or loss, with any other resultant gain or loss recognised in equity and included in other comprehensive income. Where these investments are derecognised, the cumulative gain and loss previously recognised directly in equity is recognised in profit and loss. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the statement of profit or loss and other comprehensive income.

Financial instruments classified as held for trading or available-for-sale investments are recognised/derecognised by the Company on the date it commits to purchase/sell the investment. Securities held to maturity are recognised/derecognised on the day they are transferred to/by the Company.

i) Investments in associated entities

Interests in associated entities are accounted for under the equity accounting method.

j) Trade and other receivables

Trade and other receivables are stated at their cost and are due for settlement no more than 30 days from the date of invoicing.

k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with the banks, other short term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within short-term borrowings on the statement of financial position.

l) Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transactions costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

n) Employee benefits

(i) Wages and salaries, annual leave

Liabilities for wages and salaries and annual leave are recognised as employee benefits in respect of employee's services up to the reporting date and are measured at the amounts to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service and final average salary.

o) Share-based payment transactions

The Company provides benefits to the Directors, employees and consultants of the Company in the form of share based payment transactions, whereby services are rendered in exchange for shares or rights over shares ("Equity-settled transactions").

An Employee Share Option Plan ("ESOP") provides benefits to Directors, employees and consultants.

The cost of these equity-settled transactions is measured by reference to fair value at the date at which they are granted. The fair value is determined by using either the Black-Scholes or Binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Heron Resources Limited ("market conditions").

The cost of equity-settled securities is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant individual becomes fully entitled to the award ("vesting date").

Where the Company acquires some form of interest in an exploration tenement or an exploration area of interest and the consideration comprises share-based payment transactions, the fair value of the equity instruments granted is measured at grant date. The cost of equity securities is recognised within capitalised mineral exploration and evaluation expenditure, together with a corresponding increase in equity.

p) Provisions

Provisions for legal claims and service warranties are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

q) Trade and other payables

Trade and other payables are stated at cost. The amounts are unsecured and are usually paid on 30 days.

r) Dividends

No dividends have been paid or proposed during or since the end of the year.

s) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to the ATO are classified as operating cash flows.

t) Contributed equity

Incremental costs directly attributed to the issue of new shares or options are shown in the equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares on issue during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

u) Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

v) Significant accounting judgments, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Capitalisation of exploration and evaluation expenditure

Under AASB 6 Exploration for and Evaluation of Mineral Resources the Group has the option to either expense exploration and evaluation expenditure as incurred or to capitalise such expenditure provided that certain conditions are satisfied. The Group's policy is closer to the former as outlined in note 1 (g).

Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Black-Scholes or Binomial methodology.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

New accounting standards and interpretations

The Australian Accounting Standards Board has published various pronouncements that are not mandatory for the 30 June 2015 reporting period. The Company has reviewed all these pronouncements and assessed their applicability and the likely impact on the Company's accounting policies. While several pronouncements do not apply to the Company's current activities the expected impact of those relevant to the Company are set out below:

AASB 9 Financial Instruments and its consequential amendments. The consolidated entity will adopt this standard and the amendments from 1 January 2018 and it is unlikely to affect the Company.

IFRS 15 Revenue from Contracts with Customers. The consolidated entity will adopt this standard from 1 January 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

IAS 27 Equity method in separate financial statements. The consolidated entity will adopt this standard from 1 January 2016 and it is unlikely to affect the Company.

w) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to fund exploration activities and develop or secure access to a cash producing asset.

Consistent with others in the industry, the Group and the parent entity monitor capital on the basis of working capital requirements.

During 2015 the Group's strategy, which was unchanged from 2014, was to maintain a current account balance sufficient to meet the Company's day to day expenses with the balance held in term deposits.

x) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

	Consolidated Entity	
	2015	2014
	\$'000	\$'000
NOTE 2. REVENUE FROM ORDINARY ACTIVITIES		
Revenues from continuing activities		
Disposal of fixed assets	5	8
Profit / (loss) on sale of investments	30	-
Interest received - other persons/corporations	945	1,331
Bonus issue of AYC options	110	-
Sundry Income	47	50
Total revenues from continuing activities	1,137	1,389

NOTE 3. PROFIT / (LOSS) FROM ORDINARY ACTIVITIES

The profit / (loss) before income tax expense has been determined after charging a number of items including the following:

a) Depreciation expense		
Plant & equipment	(16)	(17)
Office equipment & furniture	(36)	(20)
Motor vehicles	(3)	(17)
	(55)	(54)
b) Other expenses includes the following:		
Payroll tax	(21)	(7)
Rental expenses	(323)	(264)
Stock exchange (ASX and TSX)	(229)	(46)
Travel & accommodation	(137)	(52)
Office expenses and supplies	(98)	(79)
Computer support services	(81)	(48)
Report expenses and printing	(34)	(25)
Conferences and seminars	(38)	(10)
Donations	-	(20)
Investor research and relations	(96)	-
Miscellaneous expenses	(55)	(47)
Total other expenses	(1,112)	(598)

	Consolidated Entity	
	2015	2014
	\$'000	\$'000

NOTE 4. INCOME TAX

- a) Temporary differences carried forward
- Current Tax
- Deferred tax

-	-
-	-
-	-

The Heron Resources Limited group of companies was tax consolidated on 1 July 2003 - there are no tax sharing and/or tax funding agreements in place. During the year TriAusMin Ltd, Tarago Operations Pty Ltd and Tri Origin Mining Pty Ltd joined the Tax Consolidated Group.

The parent entity made a tax loss and on consolidation the group made a tax loss. The parent and the subsidiaries have substantial tax losses carried forward.

The Directors are of the view that there is insufficient probability that the parent entity and its subsidiaries will derive sufficient income in the foreseeable future to justify recognising the tax losses and temporary differences as deferred tax assets and deferred tax liabilities.

Heron Resources Limited is the head entity for the group.

	Consolidated Entity	
	2015	2014
	\$'000	\$'000

- b) Numerical reconciliation of income tax expense to prima facie tax payable is as follows:

Profit (loss) from operations before income tax expense	(5,674)	(6,389)
Tax at Australian tax rates of 30% (2014 also 30%)	(1,702)	(1,917)
Tax effect of non-temporary differences	557	203
Tax effect of equity raising costs debited to equity	-	-
Over or under provision from previous years	-	-
Tax effect of tax losses and temporary differences not recognised	1,145	1,714
Income tax expense	-	-

- c) There is no amount of tax benefit recognised in equity as the tax effect of temporary differences has not been booked

- d) Tax Losses - Revenue

Unused tax losses for which no tax loss has been booked as a DTA adjusted for non temporary differences	89,721	77,535
Potential tax benefit at 30%	26,916	23,261

- e) Unrecognised temporary differences

Non deductible amounts as temporary differences	(7,183)	(7,130)
Accelerated deductions for book compared to tax	7,555	(493)
Total at 100%	372	(7,623)
Potential effect on future tax expense for temporary differences at 30%	112	(2,287)

- f) There are no franking credits available for future years

NOTE 5. TRADE AND OTHER RECEIVABLES – CURRENT

Prepayments	13	31
Accrued interest	96	157
Goods & services tax paid	86	24
Sundry Debtors	167	125
	362	337

NOTE 6(a). INVESTMENTS IN ENTITIES - CURRENT

Black Oak Minerals Ltd (BOK) (formerly Southern Cross Goldfields Limited (SXG)) is an Australian listed public exploration company with 887,450,815 fully paid ordinary shares on issue during the period in which the company owned shares (shares consolidated on a 20:1 ratio in June 2015). Heron held 5,875,528 fully paid shares all of which were sold during the year realising a net profit of \$29,896.

TriAusMin Ltd was an Australian listed public exploration company prior to merging with Heron Resources Limited on 5 August 2014. Heron purchased 1.3 million \$1 convertible notes in March 2014 which are eliminated on consolidation following the merger.

	30 June 2015 \$'000	30 June 2014 \$'000
Black Oak Minerals Ltd	-	59
TriAusMin Ltd	-	1,300
	-	1,359

NOTE 6(b). INVESTMENTS IN ENTITIES - NON CURRENT

A1 Consolidated Gold Limited (AYC) is an Australian listed public exploration company with 446,356,265 fully paid ordinary shares on issue. Heron holds 31,931,661 fully paid shares at 30 June 2015, which have been valued at the closing price of \$0.03 on that day. Heron also holds 10,955,556 options exercisable for \$0.03 expiring 30 November 2019 which have been valued at the initial market price of \$0.01 per option and then marked to market at the closing price of \$0.015 per option as at 30 June 2015 (refer Note 2).

Golden Cross Resources Limited (GCR) is an Australian listed public exploration company with 101,078,493 fully paid ordinary shares on issue. Heron holds 19,048,529 fully paid shares at 30 June 2015, which have been valued at the closing price of \$0.05 on that day.

Metalicity Limited (MCT) (formerly known as PLD Corporation Limited (PLD)) is an Australian listed public exploration company with 696,539,557 fully paid ordinary shares on issue. Heron holds 3,750,000 fully paid shares at 30 June 2015, which have been valued at the closing price of \$0.02 on that day.

See Subsequent Event note 23 for more information on the issue of MCT Shares – Rocky Gully option.

Newamu IP Holdings Pty Ltd is a subsidiary of The Stimulus Group Pty Ltd in which Kalgoorlie Nickel Project Pty Ltd (a wholly owned subsidiary of Heron) has invested \$178,000. The investment is carried at cost.

	30 June 2015 \$'000	30 June 2014 \$'000
Investments in other entities at fair value		
A1 Consolidated Gold Limited	1,122	1,441
Golden Cross Resources Limited	953	1,880
Metalicity Limited	75	-
Newamu Pty Ltd	178	-
	2,328	3,321

	2015 \$'000	2014 \$'000
Movement in investments		
A1 Consolidated Gold Limited		
Opening carrying value 30 June	1,441	3,275
Investment - Shares	200	-
Impairment - Shares	(644)	(1,834)
Sold on market - Shares	(39)	-
Bonus issue of Options – initial valuation @ \$0.01	110	-
Gain - Options	54	-
Closing carrying value 30 June	1,122	1,441
Golden Cross Resources Limited		
Opening carrying value 30 June	1,880	-
Investment – Shares	15	1,880
Impairment	(942)	-
Closing carrying value 30 June	953	1,880
Metalicity Limited		
Opening carrying value 30 June	-	-
Investment	34	-
Gain	41	-
Closing carrying value 30 June	75	-
Newamu Pty Ltd		
Opening carrying value 30 June	-	-
Investment	178	-
Closing carrying value 30 June	178	-
Summary		
Opening carrying value 30 June	3,321	3,275
Investment	427	1,880
Bonus issue of options	110	-
Sold – Shares	(39)	-
Net impairment ⁽¹⁾	(1,491)	(1,834)
Closing carrying value 30 June	2,328	3,321

⁽¹⁾ Rounding

Consolidated Entity
2015
\$'000

2014
\$'000

NOTE 7. TRADE AND OTHER RECEIVABLES - NON CURRENT

Employee share option plan – non-recourse loan	35	35
	35	35

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

	2015 \$'000	2014 \$'000
Plant and equipment at cost	327	259
Accumulated depreciation	(305)	(235)
	22	24
Office equipment & furniture at cost	901	530
Accumulated depreciation	(795)	(496)
	106	34
Motor vehicles at cost	229	180
Accumulated depreciation	(205)	(180)
	24	-
Land and buildings at cost	341	-
Accumulated depreciation	-	-
	341	-
Total property, plant and equipment	493	58
Reconciliation		
Plant and equipment:		
Carrying amount at 1 July	24	31
Additions	14	12
Disposals	-	(2)
Depreciation Expense	(16)	(17)
Carrying value at 30 June	22	24
Office equipment and furniture:		
Carrying amount at 1 July	34	49
Additions ⁽¹⁾	110	5
Disposals	(2)	-
Depreciation Expense	(36)	(20)
Carrying value at 30 June	106	34
Motor vehicles:		
Carrying amount at 1 July	-	17
Additions ⁽²⁾	34	-
Disposals	(7)	-
Depreciation Expense	(3)	(17)
Carrying value at 30 June	24	-
Land and buildings:		
Carrying amount at 1 July	-	-
Additions ⁽³⁾	341	-
Disposals	-	-
Depreciation Expense	-	-
Carrying value at 30 June	341	-

⁽¹⁾ \$38K of Office Equipment additions acquired upon acquisition of TriAusMin Ltd

⁽²⁾ \$14K of Motor Vehicles acquired upon acquisition of TriAusMin Ltd

⁽³⁾ \$325K of Freehold Land at Lewis Ponds, acquired upon acquisition of TriAusMin Ltd

30 June 2015
\$'000

30 June 2014
\$'000

NOTE 9. EXPLORATION, EVALUATION AND DEVELOPMENT COSTS CARRIED FORWARD

Balance brought forward	4,578	5,070
Acquisition costs	29	53
Exploration and evaluation costs incurred	7,874	3,357
Exploration and evaluation expensed as incurred	(2,092)	(3,497)
Exploration and evaluation costs from TriAusMin merger ⁽¹⁾	16,730	-
Exploration and evaluation impairment	-	(405)
Balance carried forward	27,119	4,578

The ultimate recoupment of costs carried forward is dependent upon the successful development and/or commercial exploitation or alternatively, sale of respective areas of interest.

⁽¹⁾ Capitalised exploration and evaluation costs from TriAusMin merger relate to Woodlawn (\$11,827) and Lewis Ponds (\$4,903)

	Woodlawn	Lewis Ponds	KNP	Exploration	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward	-	-	4,578	-	4,578
Transfer from TriAusMin	11,827	4,903	-	-	16,730
Exploration expenditure	-	205	586	1,301	2,092
Capitalised Exploration expenditure	5,811	-	-	-	5,811
Exploration and evaluation expensed as incurred	-	(205)	(586)	(1,301)	(2,092)
Balance carried forward	17,638	4,903	4,578	-	27,119

Consolidated Entity
2015
\$'000

2014
\$'000

NOTE 10. TRADE AND OTHER PAYABLES – CURRENT

Trade creditors and accruals - Exploration activities	1,187	166
Trade creditors and accruals - Other	274	115
	1,461	281

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

NOTE 11. PROVISIONS – CURRENT

Employee entitlements	710	560
Provision for rehabilitation	30	-
	740	560

NOTE 12. CONTRIBUTED EQUITY

Ordinary shares are fully paid and have no par value. They entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Issue of ordinary shares	Shares	Shares	\$'000	\$'000
Opening balance	252,985,787	252,985,787	116,035	116,035
Issue of shares ⁽¹⁾	107,891,936	-	15,645	-
Closing balance	360,877,723	252,985,787	131,680	116,035

⁽¹⁾ Issue of new Heron shares to complete the 100% acquisition of TriAusMin Ltd on 5 August 2014 on the basis of 1 Heron share for every 2.33 TriAusMin shares. Immediately prior to the acquisition, TriAusMin had 251,389,050 shares on issue.

Option reconciliation to 30 June 2015

	Number of options
Opening balance at 1 July 2014	14,000,000
Options issued	-
Options transferred as part of TriAusMin merger	2,424,890
Options expired/lapsed	(3,369,813)
Closing balance at 30 June 2015	<u>13,055,077</u>

The weighted average remaining contractual life of options on issue at 30 June 2015 is 505 days.

Options

The following options expired/lapsed during the year:

Number	Expiry date	Exercise price
2,500,000	23 June 2015	\$0.27
333,333	16 January 2015	\$0.22
85,837	23 October 2017	\$0.14
21,459	23 June 2015	\$0.58
214,592	18 November 2015	\$0.23
85,837	21 November 2017	\$0.23
42,918	27 June 2016	\$0.27
85,837	23 October 2017	\$0.14

As at 30 June 2015 the Company had the following options on issue:

Number	Expiry date	Exercise price
5,000,000	07 September 2016	\$0.6864
2,500,000	23 June 2016	\$0.31
333,333	16 January 2016	\$0.27
333,334	16 January 2017	\$0.31
1,000,000	05 March 2016	\$0.22
1,000,000	05 March 2017	\$0.27
1,000,000	05 March 2018	\$0.31
42,918	27 June 2016	\$0.27
21,459	13 June 2017	\$0.22
21,459	13 March 2018	\$0.15
21,459	04 February 2017	\$0.27
21,459	23 October 2017	\$0.14
858,369	19 March 2016	\$0.37
858,369	20 November 2018	\$0.09
21,459	22 February 2018	\$0.17
21,459	31 January 2019	\$0.09
<u>13,055,077</u>		

Details of options as at the beginning and end of the reporting period and movements during the year are set out below:

Grant date	Expiry date	Exercise price	Number of Options at the beginning of the year	Options expired / lapsed this year	Options transferred in the year	Number of Options at the end of the year	Options exercisable at the end of the year
2015 Consolidated and parent entity							
29 November 2006	07 September 2016	\$0.6864	5,000,000	-	-	5,000,000	-
19 November 2011	23 June 2015	\$0.27	2,500,000	(2,500,000)	-	-	-
19 November 2011	23 June 2016	\$0.31	2,500,000	-	-	2,500,000	2,500,000
05 October 2012	16 January 2015	\$0.22	333,333	(333,333)	-	-	-
05 October 2012	16 January 2016	\$0.27	333,333	-	-	333,333	333,333
05 October 2012	16 January 2017	\$0.31	333,334	-	-	333,334	333,334
03 April 2013	05 March 2016	\$0.22	1,000,000	-	-	1,000,000	1,000,000
03 April 2013	05 March 2017	\$0.27	1,000,000	-	-	1,000,000	1,000,000
03 April 2013	05 March 2018	\$0.31	1,000,000	-	-	1,000,000	-
5 August 2014	27 June 2016	\$0.27	-	-	42,918	42,918	42,918
5 August 2014	13 June 2017	\$0.22	-	-	21,459	21,459	21,459
5 August 2014	13 March 2018	\$0.15	-	-	21,459	21,459	21,459
5 August 2014	04 February 2017	\$0.27	-	-	21,459	21,459	21,459
5 August 2014	23 October 2017	\$0.14	-	-	21,459	21,459	14,306
5 August 2014	19 March 2016	\$0.37	-	-	858,369	858,369	858,369
5 August 2014	20 November 2018	\$0.09	-	-	858,369	858,369	286,123
5 August 2014	22 February 2018	\$0.17	-	-	21,459	21,459	21,459
5 August 2014	31 January 2019	\$0.09	-	-	21,459	21,459	21,459
5 August 2014	23 October 2017	\$0.14	-	(85,837)	85,837	-	-
5 August 2014	23 June 2015	\$0.58	-	(21,459)	21,459	-	-
5 August 2014	18 November 2015	\$0.23	-	(214,592)	214,592	-	-
5 August 2014	21 November 2017	\$0.23	-	(85,837)	85,837	-	-
5 August 2014	27 June 2016	\$0.27	-	(42,918)	42,918	-	-
5 August 2014	23 October 2017	\$0.14	-	(85,837)	85,837	-	-
			14,000,000	(3,369,813)	2,424,890	13,055,077	6,475,678
Weighted average exercise price			0.42	0.26	0.23	0.43	0.28

NOTE 13. SEGMENT REPORTING

Segmental information for consolidated statement of comprehensive income

Year ended June 2015	Corporate \$'000	Woodlawn \$'000	Lewis Ponds \$'000	KNP \$'000	Exploration \$'000	Total \$'000
Sale of fixed assets	-	5	-	-	-	5
Sale of investments	30	-	-	-	-	30
Interest received - other persons/corporations	945	-	-	-	-	945
Option fee	110	-	-	-	-	110
Sundry Income	41	-	-	6	-	47
Total revenues	1,126	5	-	6	-	1,137
Depreciation	(30)	(11)	-	-	(14)	(55)
Exploration expenditure expensed as incurred	-	-	(205)	(586)	(1,301)	(2,092)
Exploration expenditure written off	-	-	-	-	-	-
Other expenses	(4,664)	-	-	-	-	(4,664)
Profit / (loss)	(3,568)	(6)	(205)	(580)	(1,315)	(5,674)

Year ended June 2014	Corporate \$'000	Woodlawn \$'000	Lewis Ponds \$'000	KNP \$'000	Exploration \$'000	Total \$'000
Sale of fixed assets	-	-	-	-	8	8
Interest received - other persons/corporations	1,331	-	-	-	-	1,331
Option fee	-	-	-	-	50	50
Total revenues	1,331	-	-	-	58	1,389
Depreciation	(20)	-	-	-	(34)	(54)
Exploration expenditure expensed as incurred	-	-	-	(2,011)	(1,486)	(3,497)
Exploration expenditure written off	-	-	-	(405)	-	(405)
Other expenses	(3,822)	-	-	-	-	(3,822)
Profit / (loss)	(2,511)	-	-	(2,416)	(1,462)	(6,389)

Segmental information for consolidated statement of comprehensive income

Balance at June 2015	Corporate \$'000	Woodlawn \$'000	Lewis Ponds \$'000	KNP \$'000	Exploration \$'000	Total \$'000
Total current assets	24,377	-	-	-	-	24,377
Property, plant and equipment	95	44	325	-	29	493
Exploration and evaluation costs carried forward	-	17,638	4,903	4,578	-	27,119
Other non-current assets	2,363	-	-	-	-	2,363
Total non-current assets	2,458	17,682	5,228	4,578	29	29,975
Total assets	26,835	17,682	5,228	4,578	29	54,352
Total liabilities	1,014	1,039	61	-	87	2,201
Movement for the year to June 2015	Corporate \$'000	Woodlawn \$'000	Lewis Ponds \$'000	KNP \$'000	Exploration \$'000	Total \$'000
Total current assets	(10,234)	-	-	-	-	(10,234)
Property, plant and equipment	61	44	325	-	5	435
Exploration and evaluation costs carried forward	-	17,638	4,903	-	-	22,541
Other non-current assets	(993)	-	-	-	-	(993)
Total non-current assets	(932)	17,682	5,228	-	5	21,983
Total assets	(11,166)	17,682	5,228	-	5	11,749
Total liabilities	819	1,039	61	-	(559)	1,360
Balance at June 2014	Corporate \$'000	Woodlawn \$'000	Lewis Ponds \$'000	KNP \$'000	Exploration \$'000	Total \$'000
Total current assets	34,611	-	-	-	-	34,611
Property, plant and equipment	34	-	-	-	24	58
Exploration and evaluation costs carried forward	-	-	-	4,578	-	4,578
Other non-current assets	3,356	-	-	-	-	3,356
Total non-current assets	3,390	-	-	4,578	24	7,992
Total assets	38,001	-	-	4,578	24	42,603
Total liabilities	195	-	-	-	646	841

Movement for the year to June 2014	Corporate \$'000	Woodlawn \$'000	Lewis Ponds \$'000	KNP \$'000	Exploration \$'000	Total \$'000
Total current assets	(5,418)	-	-	-	-	(5,418)
Property, plant and equipment	(15)	-	-	-	(24)	(39)
Exploration and evaluation costs carried forward	-	-	-	(492)	-	(492)
Other non-current assets	46	-	-	-	-	46
Total non-current assets	31	-	-	(492)	(24)	(485)
Total assets	(5,387)	-	-	(492)	(24)	(5,903)
Total liabilities	23	-	-	-	14	37

Consolidated Entity
2015
\$'000

NOTE 14. ACCUMULATED LOSSES AND RESERVES

a) Accumulated Losses		
Balance at the beginning of the year	(76,714)	(73,924)
Write back of expense for expired/lapsed options	233	3,599
Net profit/(loss)	(5,674)	(6,389)
Balance at end of the year	(82,155)	(76,714)

The Company has retained a loss as at 30 June 2015.

b) Option Reserve		
Balance at the beginning of the year	2,441	5,591
Cost of share based payments	418	449
Write back lapsed options expense	(233)	(3,599)
Balance at end of the year	2,626	2,441

The option reserve is used to recognise the fair value of options issued and expensed over the vesting period and credited to this reserve.

The shares will reverse against the share capital when the underlying options are exercised.

NOTE 15. CASH FLOW STATEMENTS

a) Reconciliation of operating loss after income tax to the net cash flows from operations:		
Operating loss after income tax	(5,674)	(6,389)
Add/(less)		
Exploration and evaluation costs written off	2,092	3,902
Depreciation	55	54
Share based payments	418	447
(Profit)/loss on sale of shares	(30)	-
(Profit)/loss on sale of fixed assets	(5)	(8)
(Profit)/loss on option fee	(110)	(50)
Investment Impairment	1,490	1,834
Increase/(decrease) in prepayments and debtors	24	6
(Increase)/decrease in accrued interest and GST	1	85
Increase/(decrease) in creditors, accruals and provisions	(186)	22
	(1,925)	(97)

	Consolidated Entity	
	2015	2014
	\$'000	\$'000
b) During the year there were no non cash transactions.		
c) Reconciliation of Cash		
Cash on hand and at bank	24,015	32,915
Closing cash balance	24,015	32,915

Cash security for environmental bonds of \$114,000 (2014 : \$477,000) is included in cash on hand and at bank.
This is not available to the Company for ordinary activities.

Property bonds of \$48,865 (2014 : \$46,545) are included in cash on hand and at bank.

This amount is held as a security term deposit and is not available to the Company for ordinary activities.

NOTE 16. RELATED PARTY TRANSACTIONS

The Directors of the Company during the financial year were::

Non-Executive Directors

Craig Readhead (resigned on 30 April 2015)

Stephen Dennis

Jim Gill (appointed on 5 August 2014 - resigned on 19 August 2014)

Fiona Robertson (appointed on 9 April 2015)

Borden Putnam III (appointed on 12 December 2014)

Executive Directors

Wayne Taylor (appointed on 5 August 2014)

Ian Buchhorn

The Key Management Personnel other than Executive Directors for the financial year were (for full year unless stated):

Chief Operating Officer

Andrew Lawry (appointed on 22 June 2015)

Chief Financial Officer and Company Secretary

Simon Smith (appointed on 5 August 2014)

General Manager - Exploration

David von Perger

General Manager - Strategy and Business Development

Charlie Kempson

Detailed remuneration disclosures are provided in the remuneration report on pages 37-39 of the Directors report.

Shares	Held at 1 July 2014	Purchased on market	Shares previously owned in TriAusMin	Sold	Held at 30 June 2015
Directors					
I Buchhorn	46,590,959	200,000	-	-	46,790,959
S Dennis	550,000	450,000	-	-	1,000,000
W Taylor	-	472,031	795,913	-	1,267,944
B Putnam	-	-	-	-	-
F Robertson	-	-	-	-	-
Key Management Personnel					
A Lawry	-	50,000	-	-	50,000
D von Perger	296,692	311,444	-	-	608,136
C Kempson	2,383,491	900,000	-	-	3,283,491
S Smith	-	60,000	72,961	-	132,961

Options	Expiry Date	Exercise Price	Held at 1 July 2014	Issued	Options previously owned in TriAusMin	Expired /lapsed	Held at 30 June 2015
Directors							
I Buchhorn	7 September 2016	\$0.70	5,000,000	-	-	-	5,000,000
	23 June 2015	\$0.27	1,000,000	-	-	(1,000,000)	-
	23 June 2016	\$0.31	1,000,000	-	-	-	1,000,000
W Taylor	19 March 2016	\$0.37	-	-	858,369	-	858,369
	20 November 2018	\$0.09	-	-	858,369	-	858,369
Key Management Personnel							
D von Perger	23 June 2015	\$0.27	1,000,000	-	-	(1,000,000)	-
	23 June 2016	\$0.31	1,000,000	-	-	-	1,000,000
C Kempson	5 March 2016	\$0.22	1,000,000	-	-	-	1,000,000
	5 March 2017	\$0.27	1,000,000	-	-	-	1,000,000
	5 March 2018	\$0.31	1,000,000	-	-	-	1,000,000
				12,000,000	-	1,716,738 (2,000,000)	11,716,738

S Dennis, F Robertson, B Putnam III, S Smith and A Lawry do not hold any share options in the Company.

Other related party transactions during the financial year were:

- payment of \$69,364 (2014 : \$73,800) to an entity related to Mr I Buchhorn for the provision of office accommodation on normal commercial terms and conditions;
- payment of \$114,135 (2014 : \$123,856) to Allion Legal of which Mr C Readhead is a partner for legal services on normal commercial terms and conditions up to the date Mr Readhead resigned as a Director of the Company on 30 April 2015;

Heron Resources Limited is the ultimate parent entity. Heron Resources Limited is a listed public company incorporated and domiciled in Australia. Ownership interest in the controlled entities is as set out in Note 20.

NOTE 17. FINANCIAL INSTRUMENTS

a) Terms, conditions and accounting policies

The Company's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance sheet date, are as follows:

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms and Conditions
<i>i) Financial assets</i>			
11am call accounts		11am Call Accounts are carried at cost.	The 11am call accounts are at call with an interest rate of 0.5% (2014 : 1.75%)
Term deposits		Term deposits are carried at cost.	Term Deposits are secured with a 3 month term with an interest rate of 2.9% (2014 : 3.52%)
Environmental bonds		Environmental bonds are carried at cost.	Environmental bonds are security term deposits with a 6 month term with an interest rate of 3.0% (2014 : 3.39%)
Property bonds		Property bonds are carried at cost.	Property bonds are security term deposits with a 6 month term with an interest rate of 3.1% (2014 : 3.54%)
Accrued Interest	5	Recognised on an accruals basis.	Interest is credited periodically.
Goods & Services Tax Paid	5	Recognised on an accruals basis.	Business Activity Statements are lodged on a monthly basis.
<i>ii) Financial liabilities</i>			
Trade creditors and accruals	10	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the consolidated entity.	Trade liabilities are normally settled on 30 day terms.

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms and Conditions
<i>iii) Equity</i> Ordinary Shares	12	Ordinary share capital is recognised at the fair value of the consideration received by the Company.	Details of the shares issued and the terms and conditions of the options outstanding over ordinary shares at balance sheet date are set out in Note 12

b) The carrying value of financial assets and liabilities approximates fair value.

c) Financial risk management

The Company's activities expose it to a variety of financial risks; market risk (fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

(i) *Market risk*

Price risk

The Company is exposed to equity securities price risk. This arises from investments held by the Group and classified on the statement of financial position either as available-for-sale or at fair value through profit or loss. The Company is not directly exposed to commodity price risk although the potential economics of projects it is exploring and evaluating are affected by commodity prices.

(ii) *Foreign exchange risk*

The Company has a limited number of suppliers that invoice in foreign currencies and therefore foreign exchange risk is minimal.

(ii) *Credit risk*

The maximum credit risk is total current assets of which the vast majority is cash which is all A1+ rated. The largest part of trade and other receivables is interest.

(iii) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions.

(iv) *Cash flow and fair value interest rate risk*

As the Company has no interest-bearing liabilities, the Group's cash out flows are not exposed to changes in market interest rates. The Group maintains a current account balance sufficient to meet day to day expenses with the balance held in A1+ rated commercial paper investments or term deposits.

Consolidated Entity	
2015	2014
\$'000	\$'000

NOTE 18. AUDITORS' REMUNERATION

Amounts received or due and receivable for:

Butler Settineri (Audit) Pty Ltd - Audit services

40

38

NOTE 19. COMMITMENTS FOR EXPENDITURE

a) Exploration Commitments

In order to maintain current rights of tenure to exploration and mining tenements, the Company estimates the following annual discretionary exploration expenditure requirements up until expiry or relinquishment of the mining tenure. Due to the Company's operation in exploring and evaluating areas of interest, exploration expenditure beyond twelve months cannot be reliably determined. These obligations are not provided for in the financial statements and are payable based on granted tenements:

Not later than 1 year

2,920

3,668

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations. Those amounts detailed above include expenditure commitments which are the responsibility of earn-in / joint venture partners. If those joint venture partners continue to meet the expenditure commitments under respective joint venture / earn-in agreements, the estimates detailed above will reduce.

Consolidated Entity
2015 **2014**
\$'000 **\$'000**

b) Operating Lease Commitments

The Company has leased two office premises under non-cancellable operating leases for periods of five years and one year. Lease amounts include a base amount, plus variable outgoings and car parking and are subject to an annual rent review by way of the consumer price index at the time of review.

Not later than 1 year	294	389
Later than 1 year but not later than 5 years	13	358
Later than 5 years	-	-

c) Capital Commitments

The Company has no capital commitments at 30 June 2015.

NOTE 20. INVESTMENTS IN CONTROLLED ENTITIES

Name of Entity	Country of Registration	Class of Shares	Cost of Consolidated Entity's Investment		Cost of Parent Entity's Investment	
			2015	2014	2015	2014
					\$	\$
Hampton Nickel Pty Limited	Australia	Ordinary	100%	100%	10	10
Ochre Resources Pty Limited	Australia	Ordinary	100%	100%	100	100
Atriplex Pty Limited	Australia	Ordinary	100%	100%	10	10
Yerilla Nickel Pty Limited	Australia	Ordinary	100%	100%	100	100
Kalgoorlie Nickel Project Pty Limited	Australia	Ordinary	100%	100%	100	100
Woods Point Gold Mines Pty Limited	Australia	Ordinary	100%	100%	100	100
TriAusMin Pty Ltd	Australia	Ordinary	100%	-	15,644,000	-
Tarago Operations Pty Ltd	Australia	Ordinary	100%	-	100	-
Tri Origin Mining Pty Ltd	Australia	Ordinary	100%	-	100	-

Regent Resources Pty Limited ("Regent") was registered on 10 April 2002. Regent Resources Limited name was changed on the 19 August 2005 to Hampton Nickel Limited and is being used by the Company to hold the Bulong nickel properties and to acquire further nickel properties in the Bulong district.

Ochre Resources Pty Limited ("Ochre") was registered on 7 February 2005 to seek and acquire iron ore properties in the course of the Company's base metal exploration activities.

Atriplex Pty Limited ("Atriplex") was registered on 7 April 2005 to seek and acquire nickel-copper sulphide properties (outside the Eastern Goldfields) in the course of the Company's exploration activities.

Yerilla Nickel Pty Limited ("Yerilla") was registered on 22 December 2006 as a potential holding company for the Jump-up Dam heap leach Project north east of Kalgoorlie.

Kalgoorlie Nickel Project Pty Limited ("KNP") was registered on 24 June 2009 as a holding company for the KNP properties.

Woods Point Gold Mines Pty Limited was registered on 24 June 2009 as a holding company for the Woods Point Gold Mine.

TriAusMin Ltd was acquired on 5 August 2014 along with its 100% owned subsidiaries, Tarago Operations Pty Ltd and Tri Origin Mining Pty Ltd. These entities hold the tenements owned by TriAusMin Ltd prior to the merger with Heron on 5 August 2014, in particular the Woodlawn Underground Project and the Woodlawn Retreatment Project.

Consolidated Entity
2015 **2014**
\$ **\$**

NOTE 21. EARNINGS PER SHARE

Basic earnings per Share	(0.01620)	(0.02526)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	350,207,092	252,985,787
Diluted earnings per Share	(0.01620)	(0.02526)
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share.	350,207,092	252,985,787
Earnings profit/(loss) used in calculating basic and diluted earnings profit/(loss) per share	(5,673,844)	(6,389,236)

The 13,055,077 (2014: 14,000,000) options are not considered to be dilutive.

Consolidated Entity
2015 **2014**
\$'000 **\$'000**

NOTE 22. EMPLOYEE ENTITLEMENTS

a) Employee Entitlements

The aggregate employee entitlement is comprised of:

Provisions (Current)	710	560
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b) Employee Share Scheme

An Employee Share Option Plan has been established for Heron Resources Limited, where employees, Directors and Officers of the Company are issued with options over ordinary shares of Heron Resources Limited. At the General Meeting on 5 June 2007 approval by shareholders for adoption of Employee Share Option Plan was given. The options, issued for no consideration, are in general exercisable at a fixed price at commencement date, unless otherwise stated and ending on the expiry date.

The options cannot be transferred and will not be quoted on the ASX.

During the year 3,369,813 options expired under the Employee Options Plan.

Details of options as at the beginning and end of the reporting date and movements during the year are set out in the table below:

Grant date	Expiry date	Exercise price	Number of Options at the beginning of the year	Options expired / lapsed this year	Options transferred in the year	Number of Options at the end of the year	Options exercisable at the end of the year
2015 Consolidated and parent entity							
29 November 2006	07 September 2016	\$0.70	5,000,000	-	-	5,000,000	-
19 November 2011	23 June 2015	\$0.27	2,500,000	(2,500,000)	-	-	-
19 November 2011	23 June 2016	\$0.31	2,500,000	-	-	2,500,000	2,500,000
05 October 2012	16 January 2015	\$0.22	333,333	(333,333)	-	-	-
05 October 2012	16 January 2016	\$0.27	333,333	-	-	333,333	333,333
05 October 2012	16 January 2017	\$0.31	333,334	-	-	333,334	333,334
03 April 2013	05 March 2016	\$0.22	1,000,000	-	-	1,000,000	1,000,000
03 April 2013	05 March 2017	\$0.27	1,000,000	-	-	1,000,000	1,000,000
03 April 2013	05 March 2018	\$0.31	1,000,000	-	-	1,000,000	-
5 August 2014	27 June 2016	\$0.27	-	-	42,918	42,918	42,918
5 August 2014	13 June 2017	\$0.22	-	-	21,459	21,459	21,459
5 August 2014	13 March 2018	\$0.15	-	-	21,459	21,459	21,459
5 August 2014	04 February 2017	\$0.27	-	-	21,459	21,459	21,459
5 August 2014	23 October 2017	\$0.14	-	-	21,459	21,459	14,306
5 August 2014	19 March 2016	\$0.37	-	-	858,369	858,369	858,369
5 August 2014	20 November 218	\$0.09	-	-	858,369	858,369	286,123
5 August 2014	22 February 2018	\$0.17	-	-	21,459	21,459	21,459
5 August 2014	31 January 2019	\$0.09	-	-	21,459	21,459	21,459
5 August 2014	23 October 2017	\$0.14	-	(85,837)	85,837	-	-
5 August 2014	23 June 2015	\$0.58	-	(21,459)	21,459	-	-
5 August 2014	18 November 2015	\$0.23	-	(214,592)	214,592	-	-
5 August 2014	21 November 2017	\$0.23	-	(85,837)	85,837	-	-
5 August 2014	27 June 2016	\$0.27	-	(42,918)	42,918	-	-
5 August 2014	23 October 2017	\$0.14	-	(85,837)	85,837	-	-
			14,000,000	(3,369,813)	2,424,890	13,055,077	6,475,678
Weighted average exercise price			0.42	0.26	0.23	0.43	0.28

NOTE 23. SUBSEQUENT EVENTS

Other than noted below there is no matter or circumstance which has arisen since 30 June 2015 that has significantly affected or may significantly affect:

- a) The operations of the Company; or
- b) The results of those operations.

On 2 July 2015, the shareholders of Metalicity (formerly PLD Corporation Ltd) voted in favour of the company acquiring 90% of Heron's Rocky Gully Project. In consideration, Heron have been issued with 14,375,000 Metalicity Shares. These were issued to the Company on 24 July 2015 and are escrowed for 1 year. Furthermore, Metalicity performed a 1 for 2 share consolidation effective as of 2 July 2015 resulting in the number of shares being held by the Company at that date (refer note 6) being reduced to 1,875,000. Heron's fully paid shareholding in Metalicity at the date of this report is 16,250,000 shares.

On 24 July 2015 Heron announced that it had secured a strategic relationship with Greenstone Resources L.P. ("Greenstone") under which Heron will initially raise \$6.8 million through a placement of 54.1 million shares to Greenstone. Should Heron proceed with the staged development of the Woodlawn Project, the arrangements provide for a potential additional investment by Greenstone of \$13.2 million (or such amount that would take Greenstone's interest up to 19.9% of Heron shares). The Greenstone investment was completed on 17 August 2015.

NOTE 24. CONTINGENT LIABILITIES

- a) Performance bonds and rental bond commitment

The Company has entered into performance bonds with the National Australia Bank Limited in relation to environmental rehabilitation of the previous TriAusMin NSW tenements (30 June 2015: \$153,000) and a rental bond commitment (\$12,969) over its office in Sydney. The performance bonds and rental bond commitment are secured by a way of mortgage against the Company's Lewis Ponds freehold land. The Company also has performance bonds with Westpac Banking Corporation in relation to environmental rehabilitation of the WA tenements (30 June 2015: \$114,000) and a rental bond commitment (\$46,545) over its Perth office. The Westpac bonds are secured by term deposits.

- b) Agreement with Veolia Environmental Services (Australia) Pty Ltd ("Veolia")

In 2011, the Company and Tarago Operations Pty Ltd ("TOP"), a wholly owned subsidiary of the Company, entered into an agreement with Veolia, under which the Company agreed:

- (i) To assume the environmental liabilities associated with the Woodlawn site, excluding Veolia's area of operation. The Company will be required to provide a performance bond with the NSW Division of Resources and Energy (DRE) as surety against completion of environmental rehabilitation once mining on the site is complete. The amount of the bond is \$3,577,000.
- (ii) Subject to certain approvals being received by Veolia and the Company, the Company will receive "free-on-board" compost from Veolia to be utilised in the rehabilitation of the site.
- (iii) To fully indemnify Veolia for all direct and / or consequential loss and damage suffered by Veolia as a result of, or caused by, or contributed to, by any act or omission or default of the Company, or TOP, connected with its operations at the Woodlawn site.

- c) Other contingent liabilities

Native title claims have been made with respect to areas which include tenements in which the Company has interests. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the consolidated entity or its projects.

Rehabilitation of the Jump Up Dam tenements would cost up to \$1 million if the Company were to surrender the tenements.

None of these contingent liabilities has been provided for in the financial report.

NOTE 25. ACQUISITION OF TRIAUSMIN

Effective on 5 August 2014 ("date of acquisition"), Heron acquired 100% of TriAusMin Ltd ("TriAusMin"). In consideration for acquiring the net assets of TriAusMin, shareholders of TriAusMin were issued 107,891,936 new Heron shares. On the date of acquisition, Heron acquired the following assets and liabilities of TriAusMin.

Current Assets	\$'000
Cash	315
Receivables	16
Other Assets	8
Non-Current Assets	
Fixed Assets	52
Land (Lewis Ponds)	325
Capitalised Exploration costs	16,730
TOTAL ASSETS	17,446
Current Liabilities	
Accounts Payable	414
Provisions	88
Convertible Note	1,300
TOTAL LIABILITIES	1,802
EQUITY	
Issued Capital	15,644
TOTAL EQUITY/NET ASSETS	15,644

NOTE 26. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Heron Resources Limited, at 30 June 2015. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	2015 \$'000	2014 \$'000
a) Financial Position		
Current assets	24,077	34,339
Non-current assets	28,226	5,471
Total assets	52,303	39,810
Current liabilities	1,183	838
Total liabilities	1,183	838
Contributed equity	131,680	116,035
Fair value reserve	-	-
Option reserve	2,626	2,441
Accumulated losses	(83,186)	(79,504)
Total equity	51,120	38,972
Loss for the year	(3,914)	(5,723)
Other comprehensive income	-	-
Total comprehensive loss for the year	(3,914)	(5,723)

- b) Guarantees entered into by the Parent
Heron Resources Limited has not entered into a deed of cross guarantee with its wholly owned subsidiaries.
- c) Contingent liabilities of the Parent
Heron Resources Limited's contingent liabilities are consistent with those disclosed in note 24.
- d) Capital commitments of the Parent
Heron Resources Limited's capital commitments are disclosed in note 19c.

Directors' Declaration

In accordance with a resolution of the Directors of Heron Resources Limited it is declared that:

- a) The financial statements and notes comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) Give a true and fair view of the Company's and the Consolidated Entity's financial position as at 30 June 2015 and of their performance, as represented by the results of their operations, for the financial year ended on that date.

In the Directors' opinion:

- a) The financial statements and notes are in accordance with the Corporations Act 2001; and
- b) At the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable; and
- c) The Directors have been given the declarations by the Chief Financial Officer and Chief Executive Officer required by section 295A of the Corporations Act 2001.

On behalf of the Board



S B Dennis
Chairman

Perth, 27 August 2015

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HERON RESOURCES LIMITED****Report on the Financial Report**

We have audited the accompanying financial report of Heron Resources Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2015 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report which gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a) the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report which gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

- a) the financial report of Heron Resources Limited is in accordance with the Corporations Act 2001 including:
 - i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 37 to 39 of the directors' report for the year ended 30 June 2015.

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Heron Resources Limited for the year ended 30 June 2015 complies with section 300A of the Corporations Act 2001.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER
Director

Perth

Date: 27 August 2015

7.0 Shareholder Information

AT 21 AUGUST 2015

1. Issued Shares and Options

a) Distribution of Shareholders:

Size of Holding	Number of Holders	Shares Held
1 - 1,000	321	179,486
1,001 - 5,000	809	2,495,366
5,001 - 10,000	539	4,337,603
10,001 - 100,000	1,126	39,439,751
100,001 -	274	368,557,175
	3,069	415,009,381

b) The twenty largest shareholders hold 66.3% of the issued fully paid capital of the Company.

c) Substantial Shareholders including related parties who have notified the Company:

Holder	Number of Shares	%
Greenstone Management (Delaware) LLC	54,131,658	13.04
I Buchhorn & related parties	46,590,959	11.20
Sprott Inc & related parties	37,577,126	9.05

d) There were 990 shareholders who held less than a marketable parcel.

e) No securities have been classified by ASX as restricted.

VOTING RIGHTS

In accordance with the Company's constitution, voting rights are on the basis of a show of hands, one vote for every registered holder and on a poll, one vote for each share held by registered holders.

Twenty largest shareholders as at 21 August 2015

	Number of Shares	%
1 CANADIAN REGISTER	97,554,458	23.51%
2 GREENSTONE HHR HLDGS LP	54,131,658	13.04%
3 HAZURN PL	23,732,480	5.72%
4 KURANA PL	16,576,556	3.99%
5 CITICORP NOM PL	13,809,176	3.33%
6 MBM CORP PL	9,999,830	2.41%
7 NATIONAL NOM LTD	8,822,554	2.13%
8 JETOSEA PL	6,850,000	1.65%
9 HSBC CUSTODY NOM AUST LTD	6,564,437	1.58%
10 CHAOS INV PL	5,972,854	1.44%
11 FREMONT CAT PL	4,205,476	1.01%
12 WARDLE DAVID JAMES + J L	4,070,000	0.98%
13 J P MORGAN NOM AUST LTD	3,335,825	0.80%
14 KEMPSON TRUDI ANN	3,283,491	0.79%
15 DUPUY OLIVIER R + J E	3,175,107	0.77%
16 SHEERWATER PL	3,071,500	0.74%
17 KOLTAI HLDGS PL	2,973,179	0.72%
18 BUCHHORN IAN JAMES	2,518,241	0.61%
19 BGK INV PL	2,412,445	0.58%
20 KIMLEX INV PL	2,227,683	0.54%
TOTAL	275,286,950	66.30%

f) Distribution of Option holders

1	5,000,000	exercisable on or before 7 September 2016 for a payment of \$0.6864 per option
2	2,500,000	exercisable on or before 23 June 2016 for a payment of \$0.31 per option
3	333,333	exercisable on or before 16 January 2016 for a payment of \$0.27 per option
4	333,334	exercisable on or before 16 January 2017 for a payment of \$0.31 per option
5	1,000,000	exercisable on or before 5 March 2016 for a payment of \$0.22 per option
6	1,000,000	exercisable on or before 5 March 2017 for a payment of \$0.27 per option
7	1,000,000	exercisable on or before 5 March 2018 for a payment of \$0.31 per option
8	42,918	exercisable on or before 27 June 2016 for a payment of \$0.27 per option
9	21,459	exercisable on or before 13 June 2017 for a payment of \$0.22 per option
10	21,459	exercisable on or before 13 March 2018 for a payment of \$0.15 per option
11	21,459	exercisable on or before 4 February 2017 for a payment of \$0.27 per option
12	21,459	exercisable on or before 23 October 2017 for a payment of \$0.14 per option
13	858,369	exercisable on or before 19 March 2016 for a payment of \$0.37 per option
14	858,369	exercisable on or before 20 November 2018 for a payment of \$0.09 per option
15	21,459	exercisable on or before 22 February 2018 for a payment of \$0.17 per option
16	21,459	exercisable on or before 31 January 2019 for a payment of \$0.09 per option

Size of Holding

1	-	1,000
1,001	-	5,000
5,001	-	10,000
10,001	-	100,000
100,001	-	

Number of Holders

-
-
-
4
6
10

Options Held

-
-
-
171,672
12,883,405
13,055,077

Summary of option holders as at 21 August 2015

	Number of Options	% of Issued Options
1 Employees & directors	13,055,077	100
TOTAL	13,055,077	100

8.0 Appendix 1

UNAUDITED QUARTERLY FINANCIAL STATEMENTS FOR THE 3 MONTH PERIOD ENDED 30 JUNE 2015

Management Comments on Unaudited Consolidated Financial Statements

27 August 2015

To the Shareholders of Heron Resources Limited,

The accompanying unaudited Financial Statements of Heron Resources Limited for the 3 month period ended 30 June 2015 have been prepared by management and have been approved by the Board of Directors of the Company as an appendix to the Financial Report for the year ended 30 June 2015.

The attached appendix relates to the 3 months ended 30 June 2015 and the corresponding comparative period ended 30 June 2014.

The financial statements relating to the year ended 30 June 2015 and the comparative period have been subject to Audit by Butler Settineri. The financial statements for the 3 month period ended 30 June 2015 and the comparative period have been approved by the Board of Directors of the Company and have not been subject to Audit or Audit Review and no opinion has been provided on those statements.

For further commentary on the operations of Heron during the quarter ended 30 June 2015, please refer to the Management Discussion and Analysis report and to the Quarterly Activities report lodged on the ASX and TSX on 31 July 2015 and posted on the Heron website at www.heronresources.com.au.

Heron Resources Limited



S Dennis
Chairman



F Robertson
Chairman- Audit Committee

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 30 JUNE 2015

All amounts shown are expressed in Australian dollars

	Three Months ended 30 June	
	2015	2014
	\$'000	\$'000
Continuing operations		
Revenue from Continuing Activities	191	293
Audit and accounting fees	(27)	(47)
Consultants expense	-	(9)
Depreciation expense	(17)	(10)
Directors fees	(63)	(43)
Employee benefits expense	(175)	(85)
Insurance expense	(25)	(14)
Legal fees	(5)	(49)
Equity settled share based payments	(163)	61
Other expenses from ordinary activities	(223)	(136)
Exploration expenditure expensed as incurred ⁽²⁾	118	(788)
Exploration expenditure written off	-	(405)
Impairment of investment	(390)	(1,834)
Loss from ordinary activities before income tax expense	(779)	(3,066)
Income tax expense	-	-
Loss from ordinary activities after income tax expense for the period		
Other comprehensive income		
Changes in market value of financial assets	-	-
Total comprehensive loss for the period attributable to members	(779)	(3,066)
Loss per share attributable to the ordinary equity of the company (on a weighted average equity basis)	\$	\$
Basic loss per share (in dollars)	(0.0022)	(0.0085)
Diluted loss per share (in dollars)	(0.0022)	(0.0085)

(1) Figures prior to 5 August 2014 do not contain the financial results of TriAusMin Ltd as this was prior to the merger with Heron Resources Limited.

(2) The 2015 exploration expenditure incurred includes \$525k R&D refund.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30 JUNE 2015

All amounts shown are expressed in Australian dollars

	Contributed Equity \$'000	Option Reserve \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 1 April 2015	131,680	2,696	(81,609)	52,767
Option reserve write back		(233)	233	-
Cost of share based payments		163	-	163
Total comprehensive loss for the quarter	-	-	(779)	(779)
Balance at 30 June 2015	131,680	2,626	(82,155)	52,151

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED 30 JUNE 2015

All amounts shown are expressed in Australian dollars

	Three Months ended 30 June	
	2015	2014
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(483)	(439)
Interest received	221	293
Net cash used in operating activities	(262)	(146)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and development expenditure	(1,597)	(593)
Proceeds from sale of shares	39	-
Purchase of shares	(34)	-
Purchase of plant and equipment	(39)	-
Proceeds from sale of plant and equipment	13	6
Net cash used in investing activities	(1,618)	(587)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	-
Net cash provided by financing activities	-	-
Net increase/(decrease) in cash & cash equivalents held	(1,880)	(733)
Cash & cash equivalents at the beginning of the reporting period	25,895	33,648
Cash acquired from TriAusMin acquisition	-	-
Cash & cash equivalents at the end of the reporting period	24,015	32,915

(1) Figures prior to 5 August 2014 do not contain the financial results of TriAusMin Ltd as this was prior to the merger with Heron Resources Limited.

9.0 Appendix 2

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTH PERIOD AND YEAR ENDED 30 JUNE 2015

INTRODUCTION

The following is management's discussion and analysis of the financial condition and the results of operations of Heron Resources Limited, ("Heron" or the "Company") for the three month period and year ended 30 June 2015, and its financial position as at 30 June 2015 and should be read in conjunction with the Company's audited financial statements as at 30 June 2015 and half yearly financial statements as at 31 December 2014 which have been subject to audit review, including the accompanying notes thereto.

The Company's audited Financial Statements and Notes to the Financial Statements have been prepared in accordance with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Additional information relating to the Company, including press releases, has been filed electronically with the Australian Securities Exchange ("ASX") and through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online at www.sedar.com.

The date of this management's discussion and analysis is 27 August, 2015. Unless otherwise indicated all amounts discussed herein are denominated in Australian dollars. The relevant exchange rates applicable to the three and twelve month periods ended 30 June 2015 are as follows.

	Three Months ended 30 June 2015	Year ended 30 June 2015
AUD/CDN \$ Closing Rate	.946	.946
Average Rate	.956	.977

The Company's common shares trade on the Australian Stock Exchange (the "ASX") under the trading symbol "HRR", and on the Toronto Stock Exchange (the "TSX") under the trading symbol "HER".

Cautionary Note Regarding Forward-Looking Information

Certain information included in this management's discussion and analysis may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "believe", "plan", "scheduled", "intend", "estimate", "forecast", "predict", "potential", "continue", "anticipate" or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future plans or prospects of the Company. Without limitation, statements about the Company's planned activities related to exploration or development activities carried out in Australia, constitute forward-looking information. Actual results may vary. See "Risk Factors and Uncertainties".

Forward-looking information is based on certain factors and assumptions regarding, among other things, the estimation of mineral reserves and resources, the realization of mineral reserve and resource estimates, metal prices, the timing and amount of future exploration expenditures, the estimation of initial and sustaining capital requirements, the estimation of labour and operating costs, the availability of necessary financing and materials, including financing to conduct any future drilling program and the other activities necessary to continue to explore and develop the Company's properties in the short and long term, the receipt of necessary regulatory approvals, and assumptions with respect to environmental risks, title disputes or claims, weather conditions, climate change and other similar matters. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Without limitation, in estimating expenditures the Company has assumed, among other things, that metal prices will not change materially from the prices used in its current financial forecasts or those of its affiliate, that it will obtain in a timely fashion all of the financing, regulatory approvals and other authorizations required to enable the continued exploration and development of its properties, and that such activities will proceed in the ordinary course without undue disruption. See "Risk Factors and Uncertainties".

Forward-looking information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what management currently expects. These factors include risks inherent in the exploration and development of mineral deposits, risks

relating to changes in metal prices and the worldwide demand for and supply of metal, uncertainties inherent in the estimation of mineral reserves and resources, risks relating to the remoteness of the Company's properties including access and supply risks, reliance on key personnel, construction and operational risks inherent in the conduct of mining activities, including the risk of increases in capital and operating costs and the risk of delays or increased costs that might be encountered during the construction and development process, the risk of fluctuations in the Canadian/Australian and U.S./Australian dollar exchange rates, regulatory risks, including risks relating to the acquisition of the necessary licences and permits, financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the exploration and development activities of the Company may not be available on satisfactory terms, or at all, environmental risks, including risks relating to climate change and the potential impact of global warming on project timelines and on construction and operating costs, and insurance risks. See "Risk Factors and Uncertainties".

You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While the Company may elect to, the Company is under no obligation and does not undertake to update this information at any particular time, except as required by law.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management has completed an evaluation of the design effectiveness of the Company's internal control over financial reporting. Based on this assessment, management has concluded that as at 30 June 2015, the Company's design for internal control over financial reporting was effective. Management has also evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of 30 June 2015. Based on this evaluation, management has concluded that the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed in reports filed or submitted by the Company under Australian and Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the three month period ended 30 June 2015 that has materially affected or is reasonably likely to materially affect, its internal control over financial reporting.

OVERVIEW

HERON RESOURCES LIMITED ("Heron" or "the Company") is engaged in the exploration and development of base and precious metal deposits in Australia. Following the merger with TriAusMin in August 2014, the Company is focused on the development of the high grade Woodlawn Project located 250km southwest of Sydney in New South Wales. Heron also owns the Kalgoorlie Nickel Project located north of Kalgoorlie in Western Australia, and holds a number of other quality base metal and copper-gold exploration properties located in the Lachlan Fold Belt of New South Wales.

Selected Annual Financial Information

Set forth below is certain selected financial information expressed in Australian dollars in respect of the six most recently completed financial years of the Company. This audited data is derived from the Company's full year financial statements which are prepared in accordance with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All numbers below are in '000s except for the number of shares outstanding and Net Loss per Share information.

Financial Year Ended:	Working Capital ⁽¹⁾	Total Assets ⁽²⁾	Shareholders Equity	Common Shares Outstanding	Net Gain (Loss)	Net Gain (Loss) per Common Share (in dollars)
June 30, 2015	24,015	54,352	52,151	360,877,723	(5,674)	(0.016)
June 30, 2014	32,915	42,603	41,762	252,985,787	(6,389)	(0.025)
June 30, 2013	39,597	48,506	47,702	252,985,787	(10,483)	(0.039)
June 30, 2012	43,171	57,910	56,863	252,985,787	(5,356)	(0.022)
June 30, 2011	46,973	61,292	60,162	252,985,787	(14,056)	(0.055)
June 30, 2010	56,663	75,123	72,730	252,985,787	(7,442)	(0.029)

(1) See Capital Resources and Liquidity for a further discussion of working capital.

(2) See Critical Accounting Policies and Estimates.

Quarterly Financial Information

Set forth below is certain selected financial information expressed in Australian dollars in respect of the most recently completed quarter and previous two quarters of the Company. This unaudited data is derived from the Company's interim financial statements which are prepared in accordance with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All numbers below are in '000s except for the number of shares outstanding and Net Loss per Share information.

Quarter Ended::	Working Capital ⁽¹⁾	Total Assets ⁽²⁾	Shareholders Equity	Common Shares Outstanding	Net Gain (Loss)	Net Gain (Loss) per Common Share (in dollars)
June 30, 2015	24,015	54,352	52,151	360,877,723	(779)	(0.0022)
March 31, 2015	25,895	53,993	52,767	360,877,723	(1,114)	(0.0031)
December 31, 2014	28,316	55,560	53,882	360,877,723	(2,036)	(0.0055)

(1) See Capital Resources and Liquidity for a further discussion of working capital.

(2) See Critical Accounting Policies and Estimates.

RESULTS OF OPERATIONS FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2015 (all financial numbers in '000s)

The Company is principally involved in the exploration and evaluation of mineral properties. It had no revenues from operations in either the last quarter or twelve month period to 30 June 2015. Exploration expenditures on mineral properties are expensed as incurred in the Income Statement, unless there is a reasonable probability that the mineral property may become a productive mine, in which case the expenditure is capitalised onto the Balance Sheet. During the three month period the Company incurred \$2,532 in exploration expenditure of which \$2,124 was capitalised onto the Balance Sheet. All of the capitalised expenditure was incurred on the Woodlawn property.

Corporate and administrative expenses are charged to the Income Statement as incurred. Interest income consists of interest on short-term invested funds. The Company reported a loss from operations in the three month period and year ended 30 June 2015. Retained earnings are in a deficit position. The Company has not paid any dividends since inception.

The Company recorded a loss for the year ended 30 June 2015 of \$5,674 (\$0.016 per share) compared to a net loss of \$6,389 (\$0.025 per share) for the corresponding year ended 30 June 2014. The Company recorded a loss for the three months ended 30 June 2015 of \$779 (\$0.0022 per share) compared to a net loss of \$3,066 (\$0.0085 per share) for the corresponding period ended 30 June 2014. The significant variance in the three month figures is predominantly due to investment impairment in the 2014 quarter of \$1,834.

The Company's general and administration expenses (including share based payments) of \$3,229 in the year to 30 June 2015 compared with the \$2,042 in year to 30 June 2014. The increase in the current period is due to the merger with TriAusMin in August 2014 which has led to a significant increase in business activity and staff headcount.

The Company recorded an impairment on its listed investments of \$390 in the three months to 30 June 2015 (\$1,834 in the corresponding three months to 30 June 2014) and \$1,490 for the year ended 30 June 2015 (\$1,834 for the corresponding year to 30 June 2014).

EXPLORATION EXPENDITURES (all financial numbers in '000s)

Expenditures on exploration and evaluation in the three month period ended 30 June 2015 of \$2,532 (of which \$2,124 was capitalised) were higher when compared to expenditures in the three month period ended 30 June 2014 of \$701. This increase was due to the Woodlawn drilling program as part of the Woodlawn Feasibility Study which was ongoing during the quarter ended 30 June 2015.

Exploration expenditure requirements to maintain all the Companies exploration licences in good standing total \$2,920 per annum.

Below is a summary table of the exploration expenditures by tenement group for the three months ended 30 June 2015 (all numbers in '000s).

Quarter ended 30 June 2015	Woodlawn	KNP Project ⁽¹⁾	Lewis Ponds ⁽¹⁾	Other WA ⁽¹⁾	Other NSW ⁽¹⁾	Total
Drilling	\$918	-	\$65	-	-	\$983
Other exploration	\$1,206	\$228	\$65	\$15	\$35	\$1,549
TOTAL	\$2,124	\$228	\$130	\$15	\$35	\$2,532

(1) Expenditure expensed as incurred

Exploration Properties in Australia

The Company's main exploration properties are located in the Kalgoorlie region of Western Australia and in the Lachlan Fold Belt of New South Wales. The projects on these land holdings are more fully described in the Company's Annual Report which is available from the Company on request or which may be accessed from the Company's website, www.heronresources.com.au

CAPITAL STOCK AND DEFICIT (all financial numbers in '000s)

The authorised capital of the Company consists of an unlimited number of common shares without par value. The increase in shares during the year is due to the issue of 107,891,936 shares to complete the acquisition of TriAusMin in August 2014.

At 30 June 2015 the Company had 360,877,723 issued and outstanding common shares (30 June 2014: 252,985,787).

As at 30 June 2015 there were 13,055,077 stock options outstanding (30 June 2014: 14,000,000), bringing the fully diluted share position of the Company to 373,932,800.

The Company's accumulated deficit at 30 June 2015 is \$82,155 compared to \$76,714 at 30 June 2014. See "Results of Operations".

FINANCIAL CONDITION (all financial numbers in '000s)

The Company's total assets at 30 June 2015 increased to \$54,352 from \$42,603 at 30 June 2014. This increase is primarily due to the acquisition of TriAusMin for \$15,644 in new Heron equity in 5 August 2014.

Assets at 30 June 2015 include cash and cash equivalents of \$24,015 (30 June 2014: \$32,915). Cash not on account at a bank has been invested in bank guaranteed, term deposits.

Cash of \$1,597 was spent on exploration and evaluation during the three month period ended 30 June 2015 compared to \$593 during the corresponding period ended 30 June 2014. This increased outflow was due to the Woodlawn drilling program which was ongoing during the June 2015 quarter.

The Company had current liabilities including trade payables and employee provisions of \$2,201 at 30 June 2015 (\$841 at 30 June 2014). The Company has no off balance sheet financing arrangements or material contingent liabilities or contractual obligations other than that disclosed in the financial statements for the year ended 30 June 2015.

CAPITAL RESOURCES AND LIQUIDITY

The Company's mineral properties are at the exploration and pre-development stage. At this time the Company has no operating revenue and does not anticipate earning any operating profits until the Company is able to place a project into production, or acquire a mining asset with operating cash flow. Until such time, the Company will be required to raise funds through equity financing, possibly supplemented by the exercise of options and warrants, or by other means in order to continue its exploration and development activities.

In the past, the Company has successfully raised capital through issuance of equity or sale of assets. There can be no assurance that the Company will be able to raise more capital or obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to raise capital or obtain financing could result in the postponement of further exploration or project development activities. Any additional financing or capital raised by the Company could result in substantial dilution to the shareholders of the Company. See "Risk Factors and Uncertainties".

TRENDS (all numbers in '000s)

Due to the nature of its projects, the Company has a history of incurring operating losses. These losses will continue until a profitable project is developed and operating or a cash generating operating asset is acquired.

The net loss in the three month period ended 30 June 2015, of \$779 was lower than the loss incurred in the three month period ended 30 June 2014 of \$3,066, primarily due to significant investment impairment of \$1,834 in 2014.

The Company's current staff headcount is 23 compared to 8 at the beginning of the financial year. The increase in headcount is due to TriAusMin staff joining Heron and new hires for the Woodlawn drilling program.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of properties for minerals.

The properties in which the Company currently has an interest are at the exploration stage and as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. In some circumstances, the Company may enter into farm in /joint venture agreements whereby a third party earns an interest in a specific property by incurring an agreed amount of exploration expenditures. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geological or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that given the relative size of the Company this approach is reasonable.

COMMITMENTS

The Company is required to undertake expenditures of \$2,920,000 per year to keep exploration properties in good standing in the normal course of business. These obligations are subject to renegotiation when application for a mining lease is made and at other times.

The Company is contracted to non-cancellable operating leases in relation to its office premises at Level 1, 37 Ord Street, West Perth and at Suite 702, 191 Clarence Street, Sydney. The lease in Perth expires in July 2016 and the lease in Sydney expires in September 2016. A performance bond of \$46,545 for the Perth office and a bank guarantee of \$22,000 for the Sydney office have been lodged as surety against performance of the leases.

RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

During the quarter, the Company paid \$555 for the provision of office accommodation on normal terms and conditions from an entity related to Mr. I J Buchhorn.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

New Accounting Policies and Accounting Standards and Interpretations issued, but some not yet applicable at 30 June 2015.

The Australian Accounting Standards Board has published various pronouncements that are not mandatory for the 30 June 2015 reporting period. The Company has reviewed all these pronouncements and assessed their applicability and the likely impact on the Company's accounting policies. While several pronouncements do not apply to the Company's current activities the expected impact of those relevant to the Company are set out below:

AASB 9 Financial Instruments and its consequential amendments. The consolidated entity will adopt this standard and the amendments from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

IFRS 15 Revenue from Contracts with Customers. The consolidated entity will adopt this standard from 1 January 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

The Company continues to assess the impact of these new accounting standards on its consolidated financial statements.

Future Accounting Changes

Other than those noted above, the Company is unaware at this time of any future changes to accounting standards that are contemplated by the Australian Accounting Standards Board and are relevant to the Company and which might impact future accounting reporting periods.

Summary of Significant Accounting Policies

The following is a summary of significant accounting policies used by the Company in the preparation of its financial statements. For a complete description of the significant accounting policies used by the Company in the preparation of its financial statements, please review the notes to the June 30, 2015 audited financial statements included in the Company's Annual Report. This Management's Discussion and Analysis should also be read in conjunction with the Company's quarterly financial statements and the notes thereto.

Going concern basis of accounting (all numbers in '000s)

The interim financial statements for the three month period ended 30 June 2015 have been prepared on the basis of a Going Concern, notwithstanding the fact that the Company incurred a loss for the 3 month period. The Company incurred a loss for the 3 month period after tax of \$779 (2014: \$3,066) and a net cash out flow from operating and investing activities of \$1,880 (2014: out flow \$733).

The Financial Report has been prepared on the basis of a going concern, as the Directors believe that the Company has adequate funding to pay its debts as and when they become due for a period of twelve months from the date of approving this report.

Remuneration of Directors and Key Management Personnel Including Share Based Payments

The cost to the Company of share options granted to Directors and Key Management Personnel is included at fair value as part of the Directors' and Key Management Personnel's aggregate remuneration in the financial year the options are granted.

The fair value of the share option is calculated using the Black Scholes option pricing model, which takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The cost of these options is expensed in the Income Statement on a pro rata basis to the vesting dates. Unvested options are cancelled upon termination of service with the Company.

Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognized from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognized to the extent that there is convincing evidence that it is probable that future tax profits will be available against which deductible temporary differences can be utilized.

The amount of benefits brought to account or which may be realized in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realized and comply with the conditions of deductibility imposed by the law.

Earnings per share

Basic earnings per share are determined by dividing the operating loss after income tax by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share adjusts the figures used in determining earnings per share by taking into account non anti-dilutive options outstanding during the quarter. The diluted earnings per share are capped at the basic earnings per share in circumstances of losses and anti-dilutive options.

Exploration expenditure and mineral leases

Exploration expenditures on mineral properties are expensed as incurred in the Income Statement, unless there is a reasonable probability that the mineral property may become a productive mine, in which case the expenditure is capitalised onto the Balance Sheet. These capitalised costs are only carried forward if the rights to the area of interest are current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against the results in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration, rehabilitation and environmental expenditure

Restoration, rehabilitation and environmental expenditure to be incurred during the production phase of operations is accrued when the need for such expenditure is established, and then written off as part of the costs of production of the mine property concerned. Significant restoration, rehabilitation and environmental expenditures to be incurred subsequent to the cessation of production at each mine property are accrued, in proportion to production, when its extent can be reasonably estimated.

Business undertakings – joint ventures

The Company has certain exploration activities conducted through joint ventures with other parties. Where relevant, the Company's interest in these joint ventures is shown in the notes to the financial statements under the appropriate heading.

RISK FACTORS AFFECTING FINANCIAL INSTRUMENTS

The Company's major mineral properties are the KNP project in WA and the Woodlawn and Lewis Ponds Properties in NSW (the "Properties"). Unless the Company acquires or develops additional material properties, the Company will be mainly dependent upon its existing Properties. If no additional major mineral properties are acquired by the Company, any adverse development affecting the Company's Properties would have a material adverse effect on the Company's financial condition and results of operations.

Other risk factors and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Cash consists of cash on hand with reputable financial institutions. Financial instruments included in accounts receivable consist of sales tax receivable from government authorities in Australia and deposits held with vendors. Management believes that credit risk with respect to financial instruments included in cash and accounts receivable is low.

Liquidity risk (all financial numbers in '000s)

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at 30 June 2015, the Company had cash of \$24,015 (30 June 2014: \$32,915) to settle current liabilities of \$2,201 (30 June 2014: \$841). Apart from provision for employee entitlements (e.g. Annual Leave), most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices. The Company continues to monitor the long term assets and assesses the value of the asset on a regular basis.

Interest rate risk

The Company has cash balances. The Company's current policy is to invest excess cash in term deposits with banks.

Foreign currency risk

The Company's functional reporting currency is the Australian dollar and major purchases are transacted in Australian dollars. The Company funds its exploration and administrative expenses using Australian dollars.

In addition, management believes the foreign currency risk derived from currency conversions related to its operations is negligible and therefore does not hedge its foreign exchange risk.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as it relates to valuable minerals to determine the appropriate course of action to be taken by the Company. The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of nickel, zinc, lead and copper and certain other metals.

Fair value

AIFRS accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying values for short-term investment, sundry receivables and prepaid expenses, subscription receivable, and accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments.

The Company has designated its cash as held-for-trading, which is measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over the next year:

- (i) Interest rate risk is immaterial.
- (ii) The Company holds all of its cash in low risk, secure Australian dollar term deposits at Australian banks. Foreign exchange risk related to required payments is perceived as negligible.
- (iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability from mineral exploration depends upon the world market price of valuable minerals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of valuable minerals may be produced in the future, a profitable market will exist for them.

As of 30 June 2015, the Company is not a producer of valuable minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

RISK FACTORS AND UNCERTAINTIES

The Company is in the business of acquiring, exploring and developing mineral properties and is exposed to a number of risks and uncertainties that are common to other exploration companies in the same business. The industry is capital intensive at all stages and must rely on equity financing to fund exploration and development activities.

The ability of the Company to realize and profit from a property development is dependent upon its ability to define and delineate an ore body, to finance development costs, adhere to government and environmental regulations, and/or be able to realize the costs incurred on disposition of a property.

The future prospects of the Company are subject to a variety of risks that may cause actual results to differ materially from projected outcomes. Factors that could cause such differences include: world commodities markets, foreign exchange markets, equity markets, access to sufficient working capital, the ability to attract mining partners, the loss of or inability to hire key personnel, as well as government and environmental restrictions. Most of these factors are beyond the control of the Company which consequently cannot guarantee future results, levels of activity or ensure that a mineral discovery can be developed into a profitable mining operation. In addition, prices for the commodities contained in the Company's mineral resources at its exploration properties have fluctuated significantly over the last few years and may continue to do so. Such volatility may affect the timing and magnitude of funds which the Company may seek to raise to support further exploration and development.

The Company has taken steps to verify the title to its mineral properties, in accordance with industry standards for the current stage of exploration of such properties but these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found at www.heronresources.com.au or on the SEDAR website at www.sedar.com, or on the website of the ASX, www.asx.com.au.

APPROVAL

The Board of Directors of Heron Resources Limited has approved the disclosure contained in this Management Discussion and Analysis dated 27 August 2015.

10.0 Statement of Mineral Resources

Table 10.1: Underground Mineral Resource - Woodlawn Underground Project (WUP)

Type	Resource Category	Million tonnes	ZnEq %	Zn %	Cu %	Pb %	Au g/t	Ag g/t
Polymetallic	Indicated	1.6	21	10.7	1.5	4.0	0.46	78
Polymetallic	Inferred	3.0	19	8.1	1.6	3.2	0.88	70
Copper	Indicated	0.8	10	1.0	2.8	0.3	0.07	16
Copper	Inferred	1.1	11	1.1	2.8	0.2	0.14	15

Notes to accompany Mineral Resource Table: ZnEq% refers to a calculated Zn equivalent grade the formula for which is stated in the General Development of the Business section of this report; Polymetallic Type refers to polymetallic massive sulphide mineralisation with high-grade Zn and Pb; Copper Type refers to Cu dominated massive and stringer sulphide mineralisation; Values are rounded to two significant numbers and some rounding related discrepancies may occur in the totals; the Mineral Resource is reported in accordance with the guidelines set out in the JORC (2012) and NI 43-101 Codes; further details of the Mineral Resources estimation can be found in the market release of 22nd April 2015 entitled "Preliminary Economic Assessment Delivers Strong Business Case for the Woodlawn Zinc-Copper Project" (available from ASX or SEDAR).

Table 10.2: Mineral Resource Estimate - Woodlawn Retreatment Project (WRP)

Resource Category	Million tonnes	ZnEq %	Zn %	Cu %	Pb %	Au g/t	Ag g/t
Measured + Indicated Mineral Resource							
<i>North Dam</i>							
Measured	0.83	6.2	2.35	0.43	1.43	0.29	35
Indicated	1.38	6.7	2.68	0.45	1.44	0.29	40
Sub-Total	2.21	6.5	2.56	0.44	1.44	0.29	38
<i>South Dam</i>							
Measured	2.43	6.0	2.60	0.48	1.19	0.22	25
Indicated	1.17	5.8	2.44	0.48	1.19	0.22	23
Sub-Total	3.60	5.9	2.55	0.48	1.19	0.22	24
<i>West Dam</i>							
Measured	2.05	6.5	2.00	0.60	1.46	0.39	36
Indicated	1.54	6.5	1.93	0.60	1.51	0.39	37
Sub-Total	3.59	6.5	1.97	0.60	1.48	0.39	36
All Dams							
Measured	5.31	6.2	2.33	0.52	1.33	0.30	31
Indicated	4.09	6.4	2.33	0.52	1.40	0.31	34
Total Measured + Indicated Mineral Resource	9.40	6.3	2.33	0.52	1.36	0.30	32
Inferred Mineral Resources							
North Dam	0.87	5.5	2.03	0.33	1.33	0.25	37
South Dam	0.90	5.7	2.32	0.47	1.19	0.23	24
West Dam	0.48	6.3	1.83	0.61	1.47	0.38	34
Total Inferred Mineral Resource	2.25	5.7	2.10	0.44	1.30	0.27	31

Notes to accompany Mineral Resource Table: 1) ZnEq% refers to a calculated Zn equivalent grade the formula for which is stated in the General Development of the Business section of this report and these are different to the originally reported (May 2008) ZnEq grades which were based on a different formula; 2) Values are rounded to two significant numbers and some rounded related discrepancies may occur in the totals; 3) The Mineral Resource is reported in a manner compliant with the JORC 2004 and NI 43-101 Codes. This information was prepared and first disclosed under the JORC Code (2004) in May 2008. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. 4) TriAusMin acquired more drill hole data in 2008, subsequent to the Mineral Resource estimation. That data however does not materially alter the Mineral Resource estimate. Nevertheless, statistics of the later assays confirm the reported estimated grades; 5) further details of the Mineral Resources estimation can be found in the market release of 22nd April 2015 entitled "Preliminary Economic Assessment Delivers Strong Business Case for the Woodlawn Zinc-Copper Project" (available from ASX or SEDAR) including the Competent Person Statement

Woodlawn Retreatment Project - Mineral Resource

The independently estimated JORC-compliant Mineral Resources contained in the North, South and West Tailings Dams at Woodlawn includes 9.4 Mt in the Measured and Indicated categories and 2.3 Mt of Inferred Mineral Resources. No cut-off grade was applied to the calculation of the Mineral Resources as it was assumed that all tailings would be re-processed as part of the Woodlawn Retreatment Project.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

10.3 Lewis Ponds Project - Mineral Resource

Classification	Million tonnes	Zn %	Cu %	Pb %	Au g/t	Ag g/t
Indicated Mineral Resource						
Main Zone	5.82	2.1	0.1	1.1	1.5	59
Tom's Zone	0.54	5.5	0.3	3.8	1.7	172
Total Indicated Mineral Resource	6.35	2.4	0.2	1.4	1.5	68
Inferred Mineral Resources						
Main Zone	0.17	1.7	0.1	0.8	0.9	47
Tom's Zone	0.10	5.0	0.2	3.6	1.4	174
Total Inferred Mineral Resource	0.27	3.0	0.1	1.9	1.1	96
Total Mineral Resource	6.62	2.4	0.2	1.4	1.5	69

Refer to TriAusMin press release 6 October 2005.

Lewis Ponds Project

The independently estimated JORC-compliant Mineral Resource at Lewis Ponds is divided into resources from two zones, Main Zone and Tom's Zone.

The cut-off grade applied to the calculation of Lewis Ponds Mineral Resources was 3.0% zinc equivalent. The following metal prices were used to calculate zinc equivalent values applied to the kriged Mineral Resource estimate.

Zinc	1240	USD/t	or	56.2	US Cents/lb
Copper	2860	USD/t	or	129.7	US Cents/lb
Lead	900	USD/t	or	40.8	US Cents/lb
Gold	430	USD/oz			
Silver	6.75	USD/oz			

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

SUMMARY OF HERON'S MINERAL RESOURCE, KALGOORLIE NICKEL PROJECT, WA

10.4 Kalgoorlie Nickel Project Mineral Resource

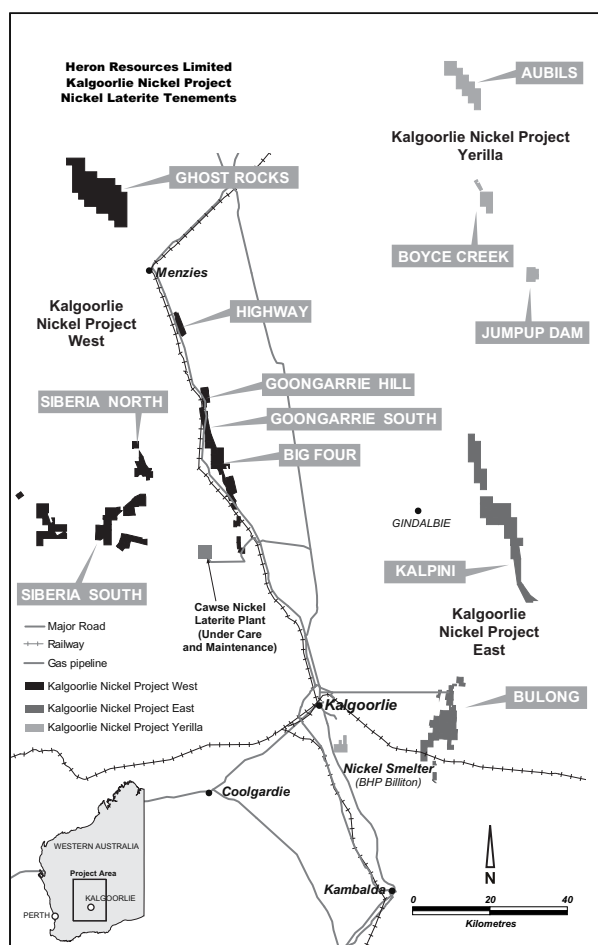
Region	Prospect	Million tonnes ¹	Ni %	Co %	Resource Category	Estimation Method	Estimate Source	Study Period
Goongarrie	Goongarrie South*	5.8	1.08	0.102	Measured	Krige	Heron	Post PFS
	Goongarrie South*	54.2	0.79	0.065	Indicated	Krige	Heron	Post PFS
	Goongarrie South*	34.4	0.63	0.042	Inferred	Krige	Heron	Post PFS
	Highway	52.9	0.66	0.042	Indicated	Krige	Heron	Post PFS
	Highway [^]	34.1	0.64	0.038	Inferred	Krige	Heron	Post PFS
	Ghost Rocks	24.8	0.67	0.047	Inferred	Krige	Snowden	Pre PFS
	Goongarrie Hill	53.6	0.60	0.037	Inferred	Krige	Heron	Post PFS
	Big Four	42.6	0.69	0.052	Indicated	Krige	Heron	Post PFS
	Big Four	12.4	0.62	0.054	Inferred	Krige	Heron	Post PFS
	Scotia	11.2	0.77	0.080	Inferred	Krige	Snowden	Pre PFS
Sub-Total Goongarrie		325.9	0.68	0.049				
Siberia	Siberia South	104.4	0.65	0.034	Inferred	Krige	Snowden	Pre PFS
	Siberia North	10.8	0.64	0.051	Indicated	Krige	Snowden	Post PFS
	Siberia North [^]	53.1	0.67	0.041	Inferred	Krige	Snowden	Post PFS
	Black Range	20.4	0.75	0.102	Inferred	Krige	Snowden	Pre PFS
Sub-Total Siberia		189.0	0.66	0.044				
Total KNP West		514.9	0.67	0.044				
Bulong	Taurus	14.2	0.83	0.051	Inferred	Krige	Snowden	Pre PFS
	East	15.9	0.89	0.046	Indicated	Krige	Snowden	Pre PFS
	East	24.3	0.78	0.053	Inferred	Krige	Snowden	Pre PFS
Sub-Total Bulong		54.4	0.83	0.050				
Hampton	Kalpini	75.4	0.73	0.044	Inferred	Krige	Snowden	Pre PFS
Sub-Total Hampton		75.4	0.73	0.044				
Total KNP East		129.8	0.77	0.047				
Yerilla	Jump Up Dam‡	3.8	0.94	0.048	Measured	Krige	Snowden	PFS
	Jump Up Dam	41.7	0.79	0.044	Indicated	Krige	Snowden	PFS
	Jump Up Dam	18.5	0.64	0.035	Inferred	Krige	Snowden	PFS
	Boyce Creek	26.8	0.77	0.058	Inferred	Krige	Heron	PFS
	Aubils**	49.4	0.70	0.066	Inferred	Krige	Heron	PFS
Sub-Total KNP Yerilla		140.2	0.74	0.053				
Company Total [^]		784.9	0.70	0.049				

* Includes 33.4 million tonnes at 0.70% nickel and 0.040% cobalt located on a pending mining lease.

** Includes 49.4 million tonnes at 0.70% nickel and 0.066% cobalt located on a pending mining lease.

‡ Includes approximately 20,000 tonnes at 1.3% nickel and 0.050% cobalt in stockpiles from the 2006 trial.

[^] The total Mineral Resource has been reduced marginally from 30 June 2014 estimate as a result of tenement rationalisation in the Highway and Siberia North areas



KNP Mineral Resources by Category - 2013

Resource Category	Deposit	Tonnes (Mt)	Nickel (%)	Cobalt (%)
Measured	Goongarrie South	5.8	1.08	0.102
	Jump Up Dam	3.8	0.94	0.048
	Subtotal	9.6	1.02	0.081
Indicated	Big Four	42.6	0.69	0.052
	Bulong East	15.9	0.89	0.046
	Goongarrie South	54.2	0.79	0.065
	Highway	52.9	0.66	0.042
	Jump Up Dam	41.7	0.79	0.044
	Siberia North	10.8	0.64	0.051
	Subtotal	218.1	0.74	0.051
Inferred	Aubils	49.4	0.70	0.066
	Big Four	12.4	0.62	0.054
	Black Range	20.4	0.75	0.102
	Boyce Creek	26.8	0.77	0.058
	Bulong East	24.3	0.78	0.053
	Ghost Rocks	24.8	0.67	0.047
	Goongarrie Hill	53.6	0.60	0.037
	Goongarrie South	34.4	0.63	0.042
	Highway	34.1	0.64	0.038
	Jump Up Dam	18.5	0.64	0.035
	Kalpini	75.4	0.73	0.044
	Scotia	11.2	0.77	0.080
	Siberia North	53.1	0.67	0.041
	Siberia South	104.4	0.65	0.034
	Taurus	14.2	0.83	0.051
	Subtotal	557.3	0.68	0.047
Combined Total		784.9	0.70	0.049

Note: Resources based on a 0.5% Ni Cutoff. Rounding errors occur.
See full ASX announcement 18 Oct 2013.

Kalgoorlie Nickel Project Notes:

1. Tonnage (dry) and grade estimates have been rounded to reflect the estimation precision.
2. Economic parameters for the KNP are based on a Pre-feasibility Study completed by Vale Inco under farm-in arrangements between April 2005 and July 2009, and re-optimised by Heron between August 2009 and May 2010. The Vale Inco farm-in ended in July 2009 and Vale Inco has no retained rights in respect of the KNP tenements.
3. Economic parameters for Yerilla are based on a Pre-feasibility Study completed by Heron between June 2006 and April 2009, and re-optimised by Shanshan under joint venture between May 2009 and May 2011. The Shanshan joint venture expired in May 2011. Shanshan currently has no retained rights in respect of the Yerilla tenements.
4. The total Mineral Resource has been reduced marginally from 30 June 2014 estimate as a result of tenement rationalisation in the Highway and Siberia North areas

10.5 Competent Persons Statements

Declaration and JORC and NI 43-101 Compliance

1. The information in this report that relates to Mineral Resources for the Woodlawn Underground Project has been compiled by Rodney Brown and Daniel Guibal, who are both full time employees of SRK Consulting (Australasia). Rodney Brown, who is a member of the AIG, takes responsibility for the integrity of Data that have been used to prepare the resource estimates, and for the Geological Model. Daniel Guibal, who is a Fellow of the AusIMM, takes responsibility for the Mineral Resource Estimate. Both Mr Brown and Mr Guibal have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the resource estimation activity that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results" and "qualified person" as this term is defined in Canadian National Instrument 43-101 ("NI 43-101"). Mr Brown and Mr Guibal consent to the inclusion in this report of the matters based on his information in the form and context that it appears.
2. The information in this report that relates to the Preliminary Economic Assessment of the Woodlawn Project, dated 29 May 2015, was prepared by Anne-Marie Ebbels, who is a full time employee of SRK Consulting (Australasia) Pty Ltd, who is a member of the AusIMM, and has sufficient experience that is relevant to the type of deposit under consideration to qualify as a "qualified person" as this term is defined in Canadian National Instrument 43-101 ("NI 43-101"). Anne-Marie Ebbels consents to the written disclosure of the Preliminary Economic Assessment of the Woodlawn Project and the inclusion of extracts therefrom or summaries thereof, either directly or as incorporated by reference in the form and context that they appear in this report.
3. The information relating to the Woodlawn Tailings Mineral Resource contained in this report has been reviewed and is based on information compiled by Mr Robin Rankin, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM) and accredited by the AusIMM since 2000 as a Chartered Professional (CP) in the geology discipline. Mr Rankin consults to Heron (and previously TriAusMin Ltd) as Principal Consulting Geologist of independent geological consultancy GeoRes. He has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012 edition) and "qualified person" as this term is defined in Canadian National Instrument 43-101. Mr Rankin consents to the inclusion in this release of the matters based on his information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code (2012 edition) on the basis that the information has not materially changed since it was last reported.
4. The technical information in this report relating to the exploration results and forward program at the Woodlawn Project is based on information compiled by Mr David von Perger, who is a Member of the Australian Institute of Mining and Metallurgy (Chartered Professional – Geology). Mr von Perger is a full time employee of Heron Resources Limited and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012 edition) and "qualified person" as this term is defined in Canadian National Instrument 43-101 ("NI 43-101"). Mr von Perger has reviewed this press release and consents to the inclusion in this news release of the information in the form and context in which it appears.
5. The information in this report relates to the mineral resource for Lewis Ponds is based on information compiled by Mr Robert Cotton, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Cotton is a full time employee of Mineral Appraisals Pty Ltd, consultant to TriAusMin (now Heron). Mr Cotton has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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" and "qualified person" as this term is defined in Canadian National Instrument 43-101 ("NI 43-101"). Mr Cotton consents to the inclusion in this report of the information in the form and context in which it appears.
6. The information in this report that relates to Mineral Resources for the Highway, Goongarrie Hill, Goongarrie South, Big Four, Aubils and Boyce Creek Prospects is based on information originally compiled by a former Heron Resources Limited resource geologist and validated by Steve Jones in 2013. Both are Members of the Australasian Institute of Mining and Metallurgy. Steve Jones is a full time employee of Heron Resources Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the resource estimation activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Steve Jones consents to the inclusion in this report of the matters based on his information in the form and context that it appears. Note that Mineral Resources that are not Ore Reserves do not have demonstrated viability.

The information in this report that relates to Mineral Resources for the Siberia North, Bulong East, Siberia, Black Range, Taurus and Jump Up Dam Prospects is based on information compiled by Snowden Mining Industry Consultants by members of the Australian Institute of Mining and Metallurgy. Snowden Mining Industry Consultants had sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the resource estimation activity. All resources were internally audited by Snowden and signed off by a person of sufficient experience to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Steve Jones validated the Snowden Mining Siberia North estimate in 2013. Note that Mineral Resources that are not Ore Reserves do not have demonstrated viability.

7. The information in this report that is related to Heron's exploration activities is based on information compiled by David von Perger who is a member of Australian Institute of Mining and Metallurgy. David von Perger is a full time employee of Heron Resources Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the exploration activity that is being undertaking to qualify as Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

David von Perger consents to the inclusion in this report of the matters based on his information in the form and context that it appears. The information in this report is derived from Heron and TriAusMin announcements variously released on ASX and TSX during the course of FY 2014/2015 which contain material details of assumptions which assumptions continue to remain valid as at the date of this report.

11.0 Interest in Mining Tenements

Tenement	Location	Heron Interest (%)	Status	Note	Tenement	Location	Heron Interest (%)	Status	Note
WA Tenements									
E16/00332	62km NW of Kalgoorlie	100 of Ni only	Live	3	M25/00162	40km E of Kalgoorlie	100 Ni Lat	Live	6
E27/00524	67km NE of Kalgoorlie	100	Pending		M25/00171	40km E of Kalgoorlie	100 Ni Lat	Live	6
E27/00529	72km NE of Kalgoorlie	100	Live		M25/00187	40km E of Kalgoorlie	100	Live	
E28/01224	63km NE of Kalgoorlie	100	Live		M25/00207	40km E of Kalgoorlie	100 Ni Lat	Live	6
E28/02311	70km E of Norseman	100	Pending		M25/00209	40km E of Kalgoorlie	100 Ni Lat	Live	6
E29/00889	78km NW of Kalgoorlie	100	Pending		M25/00210	40km E of Kalgoorlie	100 Ni Lat	Live	6
E29/00934	67km NNW of Kalgoorlie	100	Pending		M25/00220	40km E of Kalgoorlie	100 Ni Lat	Live	6
E29/00941	140km NNW of Kalgoorlie	100	Live		M25/00234	40km E of Kalgoorlie	100 Ni Lat	Live	6
E31/01092	140km NNE of Kalgoorlie	100	Pending		M27/00395	68km NE of Kalgoorlie	100	Live	
E39/01706	70km NW of Leonora	100	Pending		M28/00199	65km NE of Kalgoorlie	100	Live	
E39/01757	70km NW of Leonora	100	Pending		M28/00201	65km NE of Kalgoorlie	100	Live	
E39/01872	170km NNE of Kalgoorlie	100	Pending		M28/00205	66km NE of Kalgoorlie	100	Live	
E39/1854	70km NNW of Leonora	100	Pending		M29/00167	87km NNW of Kalgoorlie	100	Live	
E63/01518	70km E of Norseman	100	Live		M29/00202	86km NNW of Kalgoorlie	100	Live	
E63/01737	68km ENE of Norseman	100	Pending		M29/00214	100km NNW of Kalgoorlie	100	Live	
E63/01748	68km ENE of Norseman	100	Pending		M29/00272	77km NNW of Kalgoorlie	100	Live	
E70/02801	85km NW of Albany	100	Live		M29/00278	74km NNW of Kalgoorlie	100	Live	
E70/04543	105km NW of Albany	100	Live		M29/00312	78km NW of Kalgoorlie	100	Live	
M24/00541	67km NNW of Kalgoorlie	100	Live		M29/00423	76km NNW of Kalgoorlie	100	Pending	
M24/00634	78km NW of Kalgoorlie	100	Live		M31/00475	129km NE of Kalgoorlie	100	Live	5
M24/00658	75km NW of Kalgoorlie	100	Live		M31/00477	129km NE of Kalgoorlie	100	Live	5
M24/00660	75km NW of Kalgoorlie	100	Live		M31/00479	129km NE of Kalgoorlie	100	Live	5
M24/00663	75km NW of Kalgoorlie	100	Live		M31/00483	146km NNE of Kalgoorlie	100	Live	5
M24/00664	75km NW of Kalgoorlie	100	Live		P16/02811	100km NNW of Kalgoorlie	100	Live	1
M24/00665	75km NW of Kalgoorlie	90	Live	2	P24/04395	70km NW of Kalgoorlie	100	Live	
M24/00683	78km NW of Kalgoorlie	100	Live		P24/04396	70km NW of Kalgoorlie	100	Live	
M24/00686	75km NW of Kalgoorlie	100	Live		P24/04400	70km NW of Kalgoorlie	100	Live	
M24/00731	70km NNW of Kalgoorlie	100	Live	4	P24/04401	70km NW of Kalgoorlie	100	Live	
M24/00732	70km NNW of Kalgoorlie	100	Live	4	P24/04402	70km NW of Kalgoorlie	100	Live	
M24/00744	75km NNW of Kalgoorlie	100	Live		P24/04403	70km NW of Kalgoorlie	100	Live	
M24/00757	63km NW of Kalgoorlie	100	Live		P24/04653	75km NW of Kalgoorlie	100	Live	
M24/00772	71km NW of Kalgoorlie	100	Live		P25/02062	40km E of Kalgoorlie	100 Ni Lat	Live	6
M24/00778	70km NNW of Kalgoorlie	100	Live	4	P25/02251	40km E of Kalgoorlie	100	Live	
M24/00797	78km NW of Kalgoorlie	100	Live		P25/02252	40km E of Kalgoorlie	100 Ni Lat	Live	6
M24/00845	71km NW of Kalgoorlie	100 of Ni only	Live	3	P25/02253	40km E of Kalgoorlie	100 Ni Lat	Live	6
M24/00846	71km NW of Kalgoorlie	100 of Ni only	Live	3	P25/02254	40km E of Kalgoorlie	100 Ni Lat	Live	6
M24/00847	71km NW of Kalgoorlie	100 of Ni only	Live	3	P25/02255	40km E of Kalgoorlie	100 Ni Lat	Live	6
M24/00848	71km NW of Kalgoorlie	100 of Ni only	Live	3	P25/02256	40km E of Kalgoorlie	100 Ni Lat	Live	6
M24/00915	78km NW of Kalgoorlie	100	Live		P25/02257	40km E of Kalgoorlie	100 Ni Lat	Live	6
M24/00916	78km NW of Kalgoorlie	100	Live		P25/02258	40km E of Kalgoorlie	100 Ni Lat	Live	6
M25/00059	34km E of Kalgoorlie	100 Ni Lat	Live	6	P29/02265	90km NNW of Kalgoorlie	100	Live	
M25/00134	40km E of Kalgoorlie	100 Ni Lat	Live	6	P31/02038	113km NE of Kalgoorlie	100	Pending	
M25/00145	40km E of Kalgoorlie	100 Ni Lat	Live	6	P31/02039	113km NE of Kalgoorlie	100	Pending	
M25/00151	38km E of Kalgoorlie	100	Live		P31/02040	113km NE of Kalgoorlie	100	Pending	
M25/00161	40km E of Kalgoorlie	100 Ni Lat	Live	6	P31/02040	113km NE of Kalgoorlie	100	Pending	

Tenement	Location	Heron Interest (%)	Status	Note	Tenement	Location	Heron Interest (%)	Status	Note
NSW Tenements									
EL8192	23km SE of Parkes	100	Live		EL8313	27km NNE of Yass	100	Live	
EL5583	15km E of Orange	100	Live		EL8318	27km NW of Nyngan	100	Live	
EL5878	100km NW of Condobolin	100	Live		EL8323	10km NE of Orange	100	Live	
EL7023	10km N of Forbes	100	Live		EL8325	60km ENE of Canberra	100	Live	
EL7257	40km SSW of Goulburn	100	Live		EL8337	Woodlawn	100	Pending	
EL7468	5km E of Collector	100	Live		EL8353	7.5km SE of Woodlawn	100	Pending	
EL7469	15km E of Bugendore	100	Live		EL8356	59km WSW of Tottenham	100	Pending	
EL7941	100km NW of Condobolin	100	Live		ELA5119	27km NNE of Yass	100	Live	
EL7954	25km W of Goulburn	78.9	Live		ELA5167	27km NNE of Yass	100	Pending	
EL8061	Gundagai	100	Live		ELA5202	74km NW of Orange	100	Pending	
EL8221	15km SE of Gundagai	100	Live		ML 739	10km N of Forbes	100	Live	
EL8267	70km SE of Cobar	100	Live		S(C&PL)L 20	40km SSW of Goulburn	100	Live	
HERON RETAINED RIGHTS WA									
Metaliko: Heron Retains Nickel Rights									
M24/00919	63km NNW of Kalgoorlie	100% to Ni	Live	7	P24/04212	62km NNW of Kalgoorlie	100% to Ni	Live	7
P24/04198	55km NNW of Kalgoorlie	100% to Ni	Live	7	P24/04215	60km NNW of Kalgoorlie	100% to Ni	Live	7
P24/04199	55km NNW of Kalgoorlie	100% to Ni	Live	7	P24/04216	60km NNW of Kalgoorlie	100% to Ni	Live	7
P24/04200	62km NNW of Kalgoorlie	100% to Ni	Live	7	P24/04217	55km NNW of Kalgoorlie	100% to Ni	Live	7
P24/04201	62km NNW of Kalgoorlie	100% to Ni	Live	7	P24/04218	55km NNW of Kalgoorlie	100% to Ni	Live	7
P24/04210	70km NNW of Kalgoorlie	100% to Ni	Live	7	P24/04222	55km NNW of Kalgoorlie	100% to Ni	Live	7
Pioneer: Heron Retains Nickel Rights									
E27/00273	66km NE of Kalgoorlie	Ni Lat 100	Live		E28/01746	62m NE of Kalgoorlie	Ni Lat 100	Live	
E27/00278	61km NE of Kalgoorlie	Ni Lat 100	Live		P28/01120	62km NE of Kalgoorlie	Ni Lat 100	Live	
Rameliuss: Heron Pre-Emptive right to Nickel Laterite									
E27/00300	48km N of Kalgoorlie	preempt Ni Lat	Live		M15/01264	65km S of Kalgoorlie	preempt Ni Lat	Live	
M15/01101	65km S of Kalgoorlie	preempt Ni Lat	Live		M15/01323	65km S of Kalgoorlie	preempt Ni Lat	Live	
M15/01263	65km S of Kalgoorlie	preempt Ni Lat	Live		M15/01338	65km S of Kalgoorlie	preempt Ni Lat	Live	
St Ives Gold Mining: Heron retains royalty on gold production and right to explore and mine base metals									
E15/00927	68km SE of Kalgoorlie	Royalty	Live		E15/01010	60km SSE of Kalgoorlie	Royalty	Live	
E15/01005	70km SE of Kalgoorlie	Royalty	Live		E15/01040	68km SE of Kalgoorlie	Royalty	Live	
Yarri Battery and Resources: Heron retains royalty on gold production									
E31/00859	170km NE of Kalgoorlie	Royalty	Live		P31/01791	137km NE of Kalgoorlie	Royalty	Live	
E31/00887	160km NE of Kalgoorlie	Royalty	Live		P31/01792	141km NE of Kalgoorlie	Royalty	Live	
P31/01788	136km NE of Kalgoorlie	Royalty	Live		P31/01793	141km NE of Kalgoorlie	Royalty	Live	
P31/01789	136km NE of Kalgoorlie	Royalty	Live		P31/01794	141km NE of Kalgoorlie	Royalty	Live	
P31/01790	136km NE of Kalgoorlie	Royalty	Live						
Southern Gold Ltd: Heron retains 20% free carried to BFS									
E25/00250	32km ESE of Kalgoorlie	20	Live		E25/00361	30km E of Kalgoorlie	20	Live	
KCGM: Heron retains royalty on gold production									
E26/00124	14km N of Kalgoorlie	Royalty	Live		P26/03494	6km NNE of Kalgoorlie	Royalty	Live	
P26/03481	14km N of Kalgoorlie	Royalty	Live		P26/03495	6km NNE of Kalgoorlie	Royalty	Live	
P26/03493	6km NNE of Kalgoorlie	Royalty	Live		P26/03496	6km NNE of Kalgoorlie	Royalty	Live	
Cliff Asia Pacific: Heron retains royalty on iron ore production									
M27/00272	20km NW of Kalgoorlie	100% to Ni	Live						

Notes:

1. Britannia Gold Ltd retained precious metal rights.
2. Impress Ventures Ltd has a 10% equity free-carried interest to a decision to mine.
3. Swan Gold Limited holds the tenement, Heron retains nickel rights.
4. Placer Dome Australia Limited (Norton Goldfields) retains certain gold rights.
5. Heron previously entered a binding framework agreement with Ningbo Shanshan Co Ltd, Shanshan had the right to earn a 70% interest in the Yerilla Nickel-Cobalt Project. The JV ended in May 2011.
6. Subject to Farm In agreement with Southern Gold Ltd (who have earned an 80% interest). Heron retains 100% of nickel laterite.
7. Metalliko holds the tenement, Heron retains nickel rights.

12.0 Glossary

12.1 Corporate / General Definitions

ASIC means Australian Securities and Investments Commission

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate

Australian Registry means Security Transfer Registrars Pty Ltd of 770 Canning Highway, Applecross WA

Canadian Registry means TMX Equity Transfer Services Inc. of 200 University Avenue, Suite 300, Toronto ON M5H 4H1

CIM Standards means Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council on 20 August 2000

Heron or **HRR** means Heron Resources Limited (ABN 30 068 263 098)

HRR : ASX is the Heron code on ASX

HER : TSX is the Heron code on TSX

IFRS means International Financial Reporting Standards

OSC means Ontario Securities Commission

SML 20 Transaction Documents means

- (a) Deed to Assign Special Mining Lease dated 30 November 2011 made between Veolia Environmental Services (Australia) Pty Ltd (ACN 051 316 584) (Veolia), Tarago Operations Pty Ltd (ACN 127 810 413) (Tarago) and TriAusMin;
- (b) Deed of Option dated 30 November 2011 made between Veolia and Tarago; and
- (c) Co-operation Deed dated 30 November 2011 made between Veolia, Tri Origin Mining Pty Ltd (ACN 115 529 112), Tarago and TriAusMin

Subsidiary has the meaning given to that term in section 9 of the Corporations Act

TriAusMin or **TRO** means TriAusMin Limited (ABN 22 062 002 475)

TSX means the Toronto Stock Exchange

VWAP means Volume weighted average price

WEP means Woodlawn Exploration Project

WRP Woodlawn Retreatment Project

WUP Woodlawn Underground Project

12.2 Technical Definitions

Ag means Silver

Au means Gold

Anomaly means a value higher or lower than expected, which outlines a zone of potential exploration interest but not necessarily of commercial significance.

Archaean means a period of geological time spanning 3.8 to 2.5 billion years before present

Cu means Copper

Decline means a declined tunnel accessing an ore body

Feasibility Study means a study with three progressively more detailed stages:

Scoping Study is an Australian term and means a first pass estimate of engineering requirements and costs of a mining operation, processing plant and plant infrastructure. Included in the cost estimates will be infrastructure, tailings disposal, power supply, and owner's costs. The plant design may change as a result of test-work analysis, optimisation studies and engineering improvements performed during execution of the follow-up Pre-feasibility Study. Operating and capital cost estimates are to an order of magnitude accuracy of $\pm 30\%$.

PEA means Preliminary Economic Assessment, and is a Canadian term for a TSX-based mineral project evaluation which has two key elements that distinguish it from other studies, firstly, it cannot be a PFS or FS, and secondly, a PEA can only demonstrate the potential viability of mineral resources. PFS and FS are more comprehensive studies and, therefore, are sufficient to demonstrate the technical and economic viability of a mineral project (section 2.3(1)(b) of NI 43-101 does not allow issuers to include inferred mineral resources in a PFS-level economic analysis, whereas section 2.3(3) of NI 43-101 allows issuers to include inferred mineral resources in a PEA). PEA is more advanced than an ASX "Scoping Study".

Pre-feasibility Study (PFS) is an Australian term and means an engineering and cost study of a mining operation, processing plant and plant infrastructure. Included in the cost estimates will be infrastructure, tailings disposal, power supply, and owner's costs. The plant design may change as a result of test-work analysis, optimisation studies and engineering improvements performed during execution of the Pre-feasibility Study. Operating and capital cost estimates are to an accuracy of $\pm 25\%$.

Feasibility Study (FS) is an Australian term and means a feasibility study undertaken to a high degree of accuracy which may be used as a basis for raising finance for the construction of a project.

Typically operating and capital cost estimates are to an accuracy of $\pm 15\text{-}20\%$. A FS is the standard of report required by primary debt funders to demonstrate the technical and commercial viability of a project.

KNP means Kalgoorlie Nickel Project, a nickel laterite project located through an arc 30 to 150km north-north west to east of Kalgoorlie

Level means Horizontal series of developments all at the same distance measured from the surface

m means metre and **km** means kilometres

Mt means Million tonnes

Mineralisation means in economic geology, the introduction of valuable elements into a rock body

Ni means Nickel

Nickel Laterite means Nickel occurring as an oxidised hydrated iron oxide, ferruginous clay, smectite clay, chlorite and serpentine assemblage overlying weathered ultramafic rock

Saprolite Ore means nickel laterite mineralisation consisting of hydrated magnesium silicate minerals with nickel and cobalt occurring in association with the silicate phases. The ore is a weathered clay-rich rock which retains original rock textures, and is significantly more competent than Nontronite, Manganiferous, Goethite or Siliceous Ore

Nickel Sulphide means nickel and copper occurring as an un-oxidised sulphide assemblage associated with fresh ultramafic rock

Pb means Lead

Project means a grouping of prospects within a specific geographic location, often with a common geological setting

Prospect means a target upon which exploration programs are planned or have commenced

Province means a grouping of projects within a geological district defined by a major mineralised crustal structure

RAB means Rotary Air Blast drilling technique in which a sample is returned to surface outside the rod string by compressed air. Sample quality is poor

RC means Reverse Circulation drilling method employing a rotating or hammering action on a drill bit which returns a sample to the surface inside the rod string by compressed air. Sample quality is very good, particularly if the drill hole is dry

Reserves or **Ore Reserves** or **Mineral Reserves** as defined by JORC Code, NI43-101 or CIM Standards.

Proven or **Proved Ore Reserve** means the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include Feasibility Studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. The term "economic" implies that extraction of the Ore Reserve has been established or analytically demonstrated to be viable and justifiable under reasonable investment assumptions.

Probable Ore Reserve is the economically mineable part of an Indicated Mineral Resource.

Resource or **Mineral Resource** means a Mineral Resource as defined by JORC Code, NI43-101 or CIM Standards and is a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. Mineral Resources are further sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

Measured Resource means a 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve

Indicated Resource means an 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.

Inferred Resource means an 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continue exploration.

Resource Categories:

JORC (2012 edition) means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and is a professional code of practice that sets minimum standards for Public Reporting of minerals Exploration Results, Mineral Resources and Ore Reserves. The JORC Code provides a mandatory system for the classification of minerals Exploration Results, Mineral Resources and Ore Reserves according to the levels of confidence in geological knowledge and technical and economic considerations in Public Reports.

NI 43-101 means National Instrument 43-101 and is a national instrument for the Standards of Disclosure for Mineral Projects within Canada. The Instrument is a codified set of rules and guidelines for reporting and displaying information related to mineral properties owned by, or explored by, companies which report these results on stock exchanges within Canada. This includes foreign-owned mining entities who trade on stock exchanges overseen by the Canadian Securities Administrators, even if they only trade on Over The Counter (OTC) derivatives or other instrumented securities.



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