

GOLD REPORT

HERON RESOURCES LIMITED – March 2014

Heron Resources Limited (HRR, the company) first listed on the Australian Securities Exchange in 1997. It is an exploration and development company with interests in a range of commodities including nickel, gold and base metals located around Australia. On 10 March 2014, the Boards of HRR and TriAusMin Limited (TRO) announced that the two companies are to merge by a Scheme of Arrangement subject to shareholder and regulatory approval.

HIGHLIGHTS

- TRO shareholders will receive 1 HRR share for every 2.33 TRO shares held.
- TRO Managing Director Mr Wayne Taylor will become Managing Director and CEO of the merged entity and TRO Chairman Dr James Gill will become Deputy Chairman.
- HRR will invest \$1.3m in TRO by a convertible loan to provide short-term working capital.
- The merged entity pro-forma cash of \$36.4m plus \$5.4m in investments as at 31 December 2013 will be used to fund the Woodlawn Bankable Feasibility Study.
- Stimulus Engineers Scoping Study results for 10,000tpa nickel plant include between 85% to 97% nickel recovery using Atmospheric Leach, total project capital cost including infrastructure and 20% contingency of A\$356 million, C1 cost of A\$3.96 per pound nickel and capital intensity of US\$14.54 per annum per pound nickel.
- Exploration activities completed at Emu Lake Nickel Project and Bedonia Nickel-Gold Project both located in Western Australia and Kamandra Iron-Copper Project located in New South Wales confirming targets.

Company Details

ASX Code:	HRR
Share Price (\$):	0.155
Market Cap (\$m):	39.2
Shares on Issue (m):	253.0

Financial

Cash (31/12/13):	\$37.5m
Debt (31/12/13):	Nil
Equity (31/12/13):	\$45.8m

Directors

Chairman	Craig Readhead
Non Exec. Director	Stephen Dennis
Managing Director	Ian Buchhorn

Substantial Share Holders

I Buchhorn & Co	17.96%
BHP Minerals Holdings	14.85%
Vale Inco Ltd	12.82%
MBM Corp & Chaos Invest.	8.22%

One Year Share Price



(Source: IRESS)

	\$
52 Week High	0.17
52 Week Low	0.12

KALGOORLIE NICKEL PROJECT (100% HRR)

The Kalgoorlie Nickel Project, the company's primary development focus is located 130km northeast of Kalgoorlie and comprises the West, East and the Yerilla Nickel Cobalt prospects (Figure 1). The project is close to existing infrastructure including a major highway, railway, a port and gas pipeline.

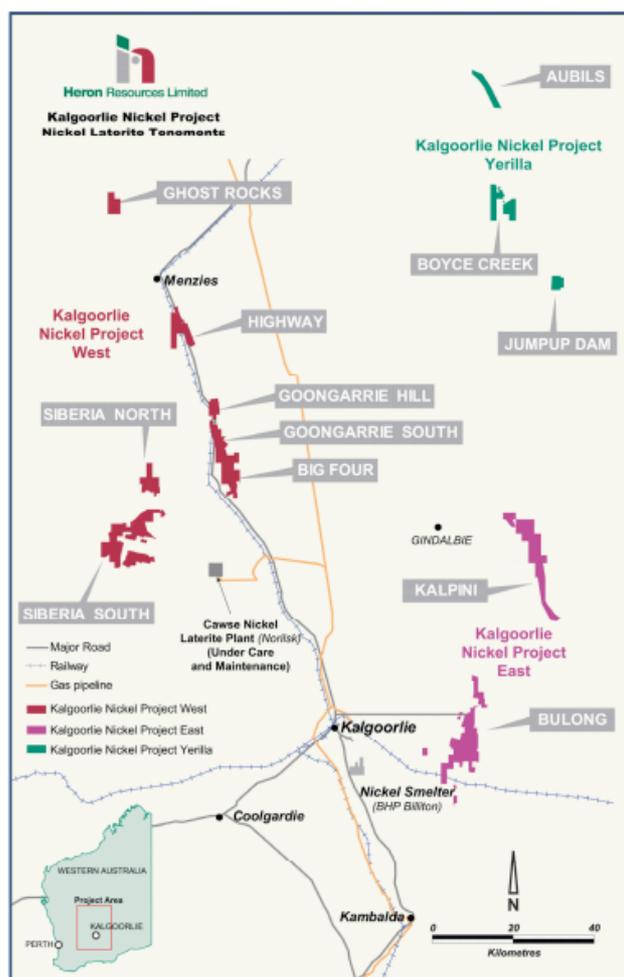


Figure 1. Kalgoorlie Nickel Project location and infrastructure.

The total combined nickel laterite resource base at the Kalgoorlie Nickel Project is estimated to be 795.6 million tonnes grading at 0.70% nickel and 0.048% cobalt with 5.6 million tonnes of contained nickel metal and 0.38 million tonnes of contained cobalt metal.

2014 Scoping Study conducted by Simulus Engineers

Simulus Engineers recently completed a Scoping Study on the feasibility of a smaller scale 10,000 tonne per annum nickel plant utilising the Simulus Carbon Friendly Nickel Production sulphuric acid leaching and recycling process on various ore types collected from the Kalgoorlie Nickel Project.

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Initial bench scale test work on three representative samples showed nickel recoveries of between 94% and 97% for clay rich and saprolite ore and 85% for the iron rich limonite ore types. Acid recoveries were up to 70% combining membrane recovery, iron sulphate hydrolysis and magnesium sulphate calcining.

The Kalgoorlie Nickel Project Optimised Flow Sheet, designed by Simulus Engineers is summarised in Figure 2 below.

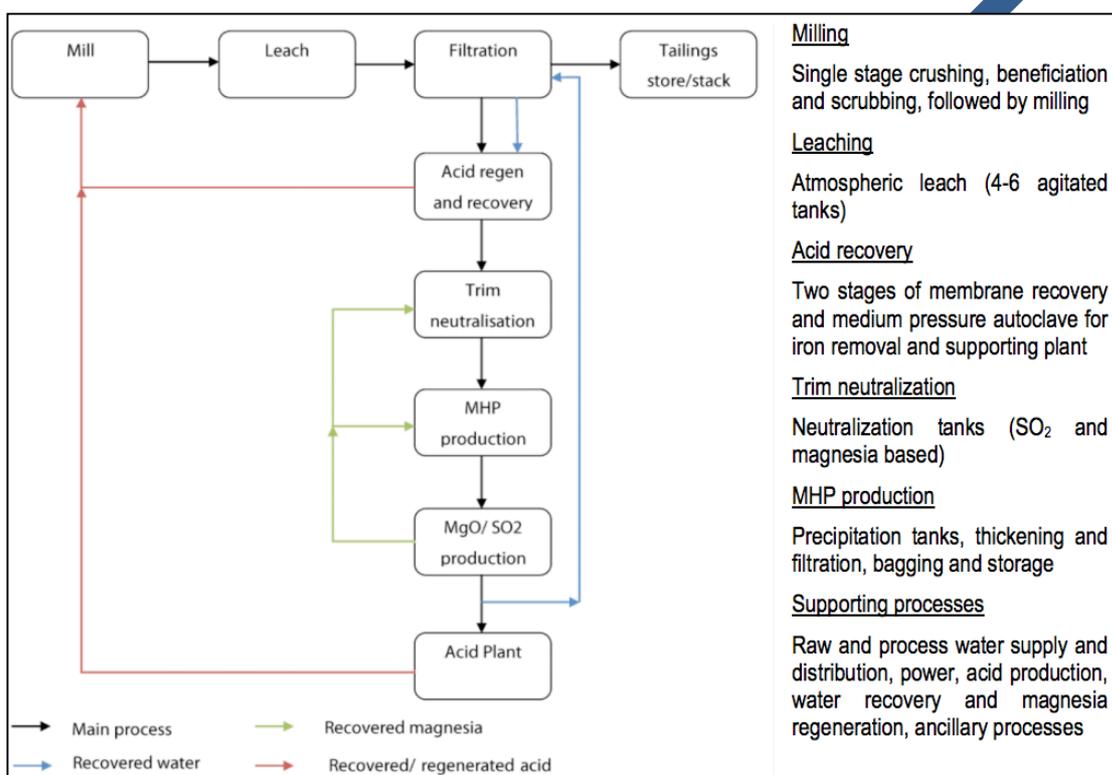


Figure 2. Optimised Flow Sheet designed by Simulus Engineers.

A base case of 10,000 tonnes per annum (tpa) nickel production, the estimated capital expenditure is US\$14.54 per pound of annual nickel production. Simulus Engineers Scoping Study of 2014 is compared with the Vale Inco Pre-Feasibility Study of 2009 and the company's Pre-Feasibility Optimisation of 2010 in Table 1 below.

Table 1. Scoping Study comparisons

Parameter	Vale PFS	HRR PFS	Simulus Study
	January 2009	Optimization February 2010	April 2014
Capacity Mtpa Leach Feed	2.5	3.75	1.0
Mine Life (years)	34	35	22
Average Ni Production tpa (in MHP)	22,200	36,700	10,000
Overall Opex US\$/lb Ni (C1 cost)	4.54	4.17	3.56
Pre-production Capex A\$M	2,102	2,834	356
Overall Capex US\$/annual lb Ni	40.45	36.10	14.54

The company will undertake further feasibility work on the Kalgoorlie Nickel Project including up scaling the study from 10,000tpa to 20,000tpa and additional bench-scale acid leach testing.

Metallurgical Test Work Programs

The company has undertaken metallurgical test work programs on nickel laterite extractive technologies. Findings from these studies include:

- Iron-Nickel Study – Work was undertaken to test the potential to produce a viable iron-nickel product from goethite-rich nickel laterite ore bulk samples collected at Goongarrie South (Figure 1). From the test work, the goethite-rich material generated an upgraded iron-nickel sinter product which assayed up to 73.4% Fe and 3.71% Ni with a 49.5% mass recovery. Further test work is required to prove the commercial viability of this option.
- Direct Nickel Metallurgical Study – Test work was conducted by Direct Nickel over the last twelve months on samples collected from the Highway Deposit (Figure 1). Results show rapid leach kinetics from run-of-mine goethite samples at atmospheric pressure and moderate temperatures of around 100°C. Based on these results, studies have commenced to assess the impacts of using saline solution. The intermediate process of iron hydrolysis and aluminium removal produced an iron by-product and an aluminium by-product with minor nickel loss experienced during refining. The refined solution was then treated with magnesia to produce Mixed Hydroxide Product assaying 40.1% nickel and 1.7% cobalt, a nickel intermediate product. Results indicate that over 80% of the chloride in solution could be isolated providing an opportunity to develop a cost effective flow sheet. Studies continue.

Gold Initiatives

- The Big Four Gold Project is located 65km north of Kalgoorlie where high grade gold mineralisation has been found from an intermediate porphyry unit. Significant bulk grade intercepts from reverse circulation drilling include 17 metres at 4.41g/t gold from 47 metres and 26 metres at 3.46g/t gold from 87 metres. Rotary air blast drilling was conducted to test the southwest extension of mineralisation and significant results include 12 metres at 1.12g/t gold from 20 metres and 12 metres at 0.76g/t gold from surface.
- The Siberia South Gold Project is located 70km northwest of Kalgoorlie. Rotary air blast drilling was conducted targeting Archaean gold mineralisation along the contact between ultramafic rocks and a range of mafic volcanic and intrusive rocks. The best result was 8 metres at 1.90g/t gold.

Nickel Sulphide Initiatives

As part of the company's regional soil auger gold sampling, several targets have been identified which are prospective for nickel sulphide mineralisation. The Kalpini ultramafic belt that hosts the Kalgoorlie Nickel laterite resources has several fertile nickel sulphide ultramafic contacts that will be targeted using geophysical methods.

Joint Venture Projects

The company has farmed out various tenure of the Kalgoorlie Nickel Project for gold exploration. The Bulong Gold Project, located 30km east of Kalgoorlie is a joint venture with 20% interest to the company and 80% interest to Southern Gold Limited. The company retains 100% of nickel laterite rights at Bulong East. At Bulong East, the company is free carried at 20% interest until a pre-feasibility study is completed and \$8 million has been expended. At Bulong South, the company is free carried at 20% interest until the completion of a bankable feasibility study.

EXPLORATION PROJECTS

New South Wales Copper-Gold Projects (100% Ownership)

The company continues to focus its exploration activities in the Lachlan Fold Belt of New South Wales with a tenement portfolio containing approximately 3,700km². Exploration activities have included reverse circulation drilling, electro-magnetic and soil auger sampling surveys. The targets are primarily copper-gold mineralisation including Besshi-style Volcanogenic Massive Sulphide (VMS), porphyry copper-gold and high grade epithermal gold veins. Currently active field programs include:

- Gundagai Gold Project located 315km southwest of Sydney covering approximately 500km². Several old gold workings hosted by mineralised porphyry units dating back to 1842 exist on the tenement area, however no work has been conducted to date. The prospects include the Big Ben Gold Prospect, the Califat and Snowball Copper-Gold Prospect, the Basin Creek Copper Prospect and Perseverance Gold Prospect.
- West Lachlan Copper-Gold Project covers Ordovician and Devonian sequences in the western part of the Lachlan Fold Belt and Cobar Basin. Reconnaissance field work has commenced including rock chip sampling, soil auger programs and electromagnetic surveys. The prospects include the Sussex Copper-Gold Project, the Osterley Downs Copper-Gold Project, the Mount Allen Copper-Gold Project, the Nymagee East Copper-Gold Project, the Eurow Copper-Gold Project and the Girilambone Copper-Gold Project.

New South Wales Kamandra Iron-Copper Project (100% interest)

Kamandra is located on farm-land approximately 10km southeast of Parkes in central New South Wales. The area contains a partially outcropping ironstone unit over approximately 1km of strike. The company recently completed a reverse circulation drilling campaign confirming magnetite-pyrite-pyrrhotite-chalcopyrite units immediately beneath the surface ironstone. No follow up work is currently planned.

Western Australia Albany Fraser Nickel-Copper Projects

- Bedonia Nickel-Copper Project (100% interest) covers 720km² and is located 75km east of Norseman, Western Australia and approximately 60km west-southwest of the Nova-Bollinger Nickel-Copper discovery by Sirius Resources (SIR). The company is seeking “Nova-Bollinger” style nickel-copper PGM mineralisation within the Proterozoic Mount Andrews Gneiss Complex. The

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company drilled 4 reverse circulation holes for 814 metres with no significant sulphides intersected. The company recently completed detailed soil auger geochemical sampling confirming a highly anomalous suite with up to 3,280ppm nickel, 87ppm copper and 195ppb platinum. Ground based electromagnetic surveying is planned.

- Rocky Gully Nickel-Copper Prospect (100% interest with PLD Corporation right to purchase 90%) is located 85km northwest of Albany. The company is targeting nickel-copper sulphide mineralisation associated with mafic-ultramafic intrusions in the area. The company granted PLD Corporation a 12-month option to purchase 90% interest for either \$230,000 cash or the issue of 28.75 million shares.

Western Australia Mount Zephyr Gold and Base Metal Project (100% interest)

The project is located 80km north northeast of Leonora and represents a 5km strike of volcanics with strong indications of Volcanogenic Massive Sulphide style mineralisation. The company is seeking a joint venture partner to drill a sequence of deeper holes. Results from previous drilling include 19 metres at 0.21% zinc and 0.04% copper from 231 metres and 27 metres at 0.14% zinc and 0.02% copper from 303 metres.

Northwest Queensland Copper-Gold Project (100% interest)

The company has acquired 12 tenements covering approximately 1,147km² in the Mount Isa Inlier of northwest Queensland targeting copper-gold-REE mineralisation in Iron Oxide Copper Gold settings.

FINANCIAL

As at 31 December 2013 the company held total cash of \$37.5 million and \$3.5 million listed investments with an estimated cash outflow for the March 2014 quarter of \$1.4 million.

Subject to shareholder and regulatory approval, TriAusMin shareholders will receive 1 Heron share for every 2.33 TriAusMin shares held. The merged entity will be listed on both the Australian Securities Exchange (ASX) and the Toronto Securities Exchange (TSX). The company will invest \$1.3 million in TriAusMin by means of a convertible loan to provide short term working capital.

The company completed its Placement in Golden Cross Resources (GCR) with 375,970,579 new shares for consideration of \$1.88 million giving the company an interest of 19.9% in Golden Cross Resources.

BOARD OF DIRECTORS

Craig Leslie Readhead serves as Non Executive Chairman since September 2001. He is a lawyer with over 30 years legal and corporate advisory experience with specialisation in the resources sector. He is a former president of the Australian Mining and Petroleum Law Association and is the Managing Partner of Allion Legal.

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Ian James Buchhorn serves as Executive Managing Director since February 1995. He is a mineral economist and geologist with over 30 years experience. He previously worked with Anglo American Corporation, Comalco, Shell/Billiton and Elders Resources. He has acquired and developed mining projects throughout the Eastern Goldfields of Western Australia during the last 20 years.

Stephen Bruce Dennis serves as Non Executive Director since December 2006. He has been actively involved in the mining industry for over 25 years. He has had roles in senior management at MIM Holdings Limited, Minara Resources and Brambles Australia. He is currently the CEO and Managing Director of CBH Resources Limited.

Upon the successful merger, TriAusMin Managing Director Wayne Taylor will become Managing Director and CEO of the merged entity and TriAusMin Chairman James Gill will become Deputy Chairman. The company's current Executive Managing Director Ian James Buchhorn will become Executive Director. The company's current Non Executive Chairman Leslie Readhead and Non Executive Director Stephen Bruce Dennis will continue in their existing capacities.

TRIAUSMIN LIMITED (ASX: TRO, TSX: TOR)

TriAusMin is an exploration and development company focused on base and precious metal deposits in the Lachlan Fold Belt of New South Wales. TriAusMin listed on the ASX in 2004 and on the TSX in 2010.

TriAusMin's JORC Resources currently stand at 28 million tonnes. The Woodlawn Project located 200km southwest of Sydney is a zinc, lead and copper deposit made up of the Woodlawn Underground Project (10.1Mt) and the Woodlawn Tailings Retreatment Project (11.2Mt). TriAusMin's Lewis Ponds base and precious metals project is located in the historic mining district of Orange in New South Wales with a similar stratigraphic and structural setting to the McPhillamy's deposit located approximately 20km south of the Lewis Ponds tenement. Other prospects include the Overflow Project located 120km southeast of Cobar and the Calarie Project located 290km west of Sydney.

TriAusMin's financial structure includes a cash position of \$0.8 million with no debt as at 31 December 2013, 251 million shares on issue and 8.5 million options with a market capital of approximately \$11 million.

UPCOMING ACTIVITIES

- TriAusMin expects to provide a Scheme booklet to shareholders in early May 2014 with a shareholders meeting to be held in June 2014 followed by implementation of the Scheme in July 2014.
- Further feasibility work on the Kalgoorlie Nickel Project will continue during the June 2014 quarter.

- Exploration activities will continue during the June 2014 quarter including Electromagnetic surveying at the Bedonia Nickel-Gold Project and a reverse circulation drilling program at the Emu Lake Nickel Project.

SUMMARY

The company's share price has held between \$0.12 and \$0.14 per share during the past twelve months with a high of \$0.17 during mid August 2013 and early September 2013 to a low of \$0.11 in mid December 2013 on the back of nickel prices. Share price catalysts include the implementation of the merger and results from further feasibility work.

The company's primary focus is the Kalgoorlie Nickel Project with a total combined nickel laterite resource base of 795.6 million tonnes grading at 0.70% nickel and 0.048% cobalt with 5.6 million tonnes of contained nickel metal and 0.38 million tonnes of contained cobalt metal. In comparison to other known Australian nickel resources, this deposit is large.

The company hired Simulus Engineers to conduct a scoping study with a base case of 10,000tpa nickel production with a twenty-two year mine life. The pre-production capital expenditure is estimated to be A\$356 million with US\$14.54 per pound of annual nickel production and operating costs estimated at US\$3.56 per pound of nickel.

Due to the complex nature of laterite separation, the company has undertaken metallurgical test work programs on nickel laterite extractive technologies. The Iron-Nickel Study concluded that goethite-rich nickel laterite ore samples from Goongarrie South generated an upgraded iron-nickel sinter product which assayed up to 73.4% Fe and 3.71% Ni with a 49.5% mass recovery. Further test work is required. The Direct Nickel Metallurgical Study was conducted on samples collected from the Highway Deposit. Iron hydrolysis and aluminium removal produced an iron by-product and an aluminium by-product with minor nickel loss during refining. Studies continue.

Upon the successful merger between Heron and TriAusMin, the merged entity will focus on the development of the Woodlawn Base Metal Property in southwest New South Wales. The project comprises the Woodlawn Underground Project (10.1Mt) and the Woodlawn Tailings Retreatment Project (11.2Mt). The merged entity will also focus on the portfolio of exploration assets in the Lachlan Fold Belt of New South Wales.

As at 31 December 2013 the company held total cash of \$37.5 million and \$3.5 million listed investments with an estimated cash outflow for the March 2014 quarter of \$1.4 million.

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