



Heron Resources Limited

Quarterly Report

December 2014

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HIGHLIGHTS

- **Woodlawn Zinc-Copper Project**
 - Highly successful and ongoing drilling program
 - 20 massive sulphide intercepts to date
 - Specialist consultants appointed for project study
 - Excellent progress being made with PEA (Scoping Study)
- **Woodlawn Regional Exploration**
 - Currawang – advanced targeting for VMS mineralisation
 - Hayshed – auger results provide gold and base metal anomalies
- **Kalgoorlie Nickel Project – partner search continues**
- **General Meeting of Shareholders scheduled for 12 February 2015**
- **Cash A\$27.9 million and listed investments A\$3.1 million at 31 December 2014**

ASX:HRR	TSX:HER
Issued Shares	361M
Share Price	\$0.13
Market Cap	\$46.9M
Cash (Dec 2014)	\$27.9M
Investments	\$ 3.1M
Total C+I	\$31.0M

Heron Resources (“Heron” or the “Company”) is pleased to provide the report for the December Quarter 2014. This represents the first full quarter since the merger of Heron and TriAusMin Ltd in August 2014. During this reporting period the Company has principally been focused on advancing the high-grade Woodlawn Zinc-Copper Project through the continuation of the drilling program that was commenced in September 2014. In addition, it is advancing the Preliminary Economic Assessment (“PEA” – see definition page 13) on the underground project. Excellent drilling results have been returned with further results pending and the early work on the PEA has been very supportive for the re-establishment of mining operations.

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 200km south-west of Sydney, in southern NSW, Australia. 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 tenements adjacent to the Woodlawn site covering the prospective felsic volcanics that host the Woodlawn 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 re-process tailings from previous mining operations (termed the **Woodlawn Retreatment Project – WRP**), and to re-develop the underground mine (the **Woodlawn Underground Project – WUP**). Regional exploration has also been undertaken in the vicinity of Woodlawn with the objective of discovering new, high grade satellite deposits (**Woodlawn Exploration Project – WEP**).

The WRP has previously been studied to a higher level of detail (Feasibility Study and Front End Engineering Design Study) than the WUP. The Company recently initiated a new study (the PEA) focused on the WUP with the principle objective of demonstrating the viability of recommencing operations. Whilst this study has a focus on the high-grade underground mineralisation, the development plan for the Woodlawn Project will involve the combined development of the WUP and WRP at the Woodlawn site. The PEA marks the first step in raising the level of review on the WUP to allow for an integrated Feasibility Study to be completed.

Woodlawn Project – Drilling Program

- First phase of drilling is nearing completion with some 17 diamond holes (6,650m) and 11 RC holes (1,1450m) completed to date.
- Large number of massive sulphide intercepts returning significant mineralised intercepts:
 - WNDD0001: 14.4m at 4.6% Zn, 4.1% Cu, 0.8% Pb, 1.0g/t Au and 57g/t Ag from 374m (Kate Lens)
 - WNDD0002: 8.8m at 12.6% Zn, 1.6% Cu, 7.5% Pb, 2.3g/t Au and 152g/t Ag from 374m (Kate Lens)
 - WNDD0002: 2.3m at 12.0% Zn, 0.6% Cu, 5.4% Pb, 1.3g/t Au and 116g/t Ag from 368m (Kate Lens)
 - WNDD0006: 5.6m at 13.3% Zn, 0.7% Cu, 5.4% Pb, 1.2g/t Au, 26g/t Ag from 626m (I Lens)
 - WNDD0006: 4.0m at 4.8% Zn, 0.5% Cu, 0.2% Pb, 14g/t Ag from 679m (I Lens)
 - WNDD0006: 8.1m at 3.0% Zn, 2.3% Cu, 3.1% Pb, 2.6g/t Au, 68.8g/t Ag from 699m (D Lens)
 - WNDD0006: 10.0m at 1.6% Zn, 1.7% Cu, 0.2% Pb, 0.2g/t Au, 15g/t Ag from 759m (D Lens)
 - WNDD0007: 12.3m at 20.0% Zn, 2.1% Cu, 6.1% Pb, 0.8g/t Au and 53g/t Ag from 414m (Kate Lens)
 - WNDD0007: 2.4m at 20.1% Zn, 1.6% Cu, 4.2% Pb, 2.1g/t Au and 40g/t Ag from 435m (Kate Lens)
 - WNDD0008: 5.4m at 11.1% Zn, 1.6% Cu, 0.8% Pb, 0.6g/t Au, 11g/t Ag from 434m (Kate Lens)
 - WNDD0009: 14.8m at 5.4% Zn, 2.7% Cu, 2.0% Pb 1.2g/t Au, 48.5 Ag from 198m (G Lens)
 - WNDD0009: 8.1m at 7.2% Zn, 1.1% Cu, 2.3% Pb, 0.9g/t Au, 28g/t Ag from 309m (K Lens)
 - WNDD0010: 4.4m at 4.1% Zn, 3.2% Cu, 0.9% Pb, 0.5g/t Au, 39g/t Ag from 206m (G Lens)
 - WNRC0010: 8.0m grading 3.6% Zn, 1.3% Cu, 2.6% Pb, 1.0g/t Au and 65g/t Ag from 37m (G Lens)
- Other massive sulphide intercepts where assays are pending include:
 - WNDD0011: 6m of massive sulphides from 348.4m (Kate Lens)
 - WNDD0012: 4.75m of massive sulphides 135.4m (E Lens up-dip)
 - WNDD0013: 6.0m of massive sulphides from 76.4m (G Lens up-dip)
 - WNDD0014: 2.0m of massive copper rich sulphides from 61.3m (G Lens)
 - WNDD0015: 2.9m of massive sulphides from 237m (new Lisa Lens)
 - WNDD0015: 4.1m of massive sulphides from 242m (new Lisa Lens)

Tabulated details of the drilling results to date are provided in the tables at the end of this report.

The focus of the diamond drilling has primarily been on recently discovered Kate Lens where seven of the nine holes drilled to-date intersected massive sulphide mineralisation (see Figures 1, 2 & 3 below). Overall, the boundaries currently interpreted from drilling the Kate Lens have met the Company's high expectations and are expected to provide a significant addition to the overall Mineral Resource tonnage. Kate Lens is viewed as a likely source for early, high-grade, tonnage for the planned underground operation. Importantly, the lens still remains open in a number of directions.

Other areas tested in the current program include the up-dip positions of the A, E, G and I lenses. Significant mineralisation was recently intercepted in the E and G lens that are expected to add shallow, high-grade tonnages. Modelling of the DHEM data from two holes into the I Lens up-dip position indicates that mineralisation occurs nearby and that a modest zone of mineralisation is likely to lie between the two holes.

As this initial phase of drilling nears completion, a number of "step-out" targets are being drilled which include the new Lisa Lens and testing a target to the south of the existing, open pit. At this stage, the results from these holes will not be included in the revised Mineral Resource estimate, however, it is expected these results may demonstrate further potential upside to the Woodlawn mineral inventory.

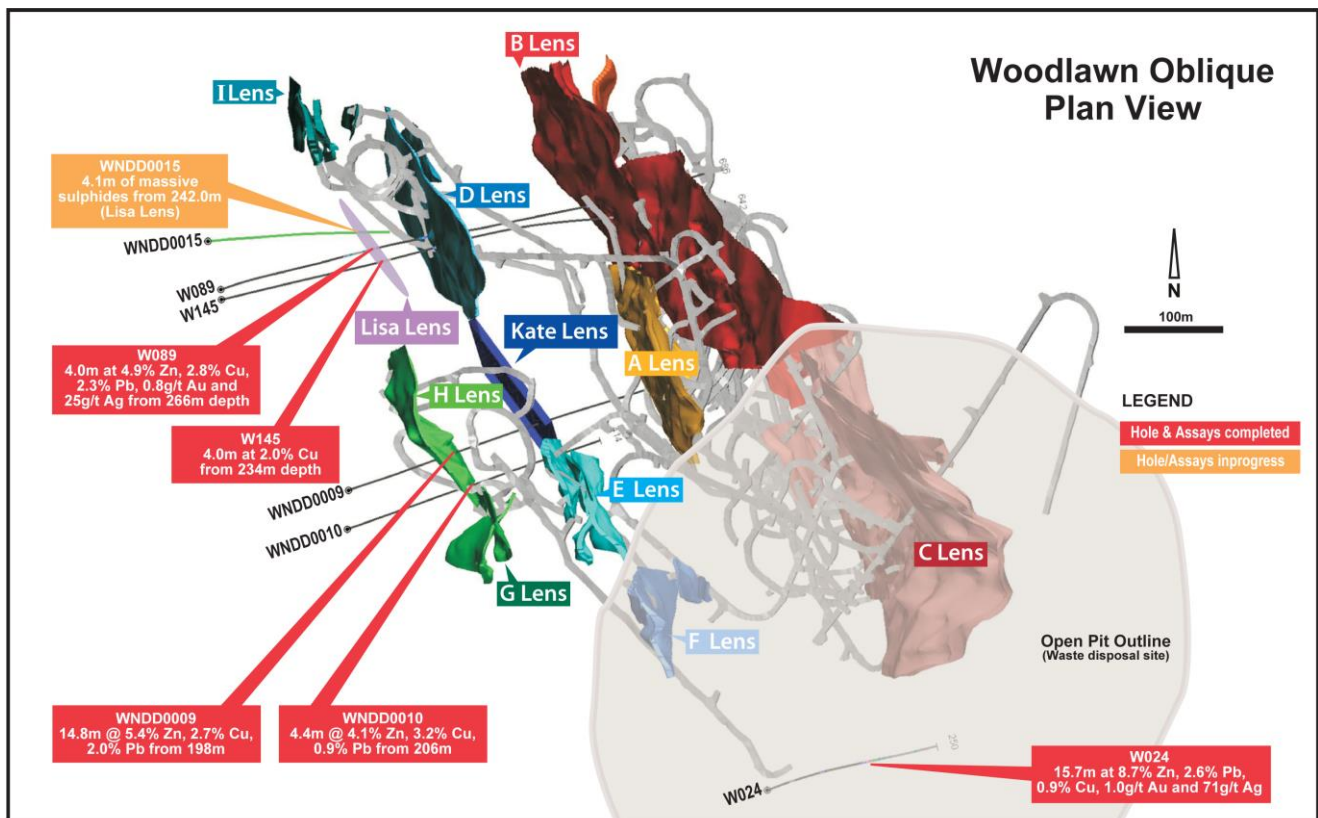
DHEM Surveys - The majority of the holes drilled in the current program have been surveyed with DHEM probes which provide an indication of the potential occurrence of conductive massive sulphides adjacent to the drill hole ('off-hole'). The recorded and modelled response from the DHEM surveys has, in many cases, successfully guided follow-up drilling, and continues to be an important component of drill-targeting. Two conductors have now also been modelled from drill hole WNDD0009, providing down-plunge indicators for the G Lens, and indicating the Kate Lens is open in the up-dip position. These are robust targets for future drilling. Given this success, DHEM will continue to be a key contributor to the future exploration programs at Woodlawn.

Woodlawn Project – PEA

- PEA on track to release findings within the 1st Half 2015, with excellent progress being made across all technical disciplines
- Updated Mineral Resource model being prepared in accordance with JORC and CIM standards
- Mine planning and rock mechanics work have identified mining methods adapted to localised conditions
- Metallurgical testwork on underground and blended underground/tailings samples is demonstrating improvements in metal recoveries compared to historical production

Mineral Resource Estimation - The revised Mineral Resource estimate is progressing well. It is expected that part of the current Mineral Resource will be reduced due to the overlay of the revised mining engineering parameters, however that this will, in-part, be offset by gains made in new areas from the current drilling, such as the Kate and I Lenses, and a number of the other lenses. In addition, the overall technical quality of the Mineral Resource estimation will be improved. The establishment of the PEA mining inventory is expected to be generated from both within the bounds of the existing Mineral Resource and from the additions generated through the current drilling program.

Figure 1: Plan overview of the Woodlawn Lenses showing pit and existing underground decline.



Woodlawn Cross Section Looking North

350m

620m deepest workings

Open Pit (Waste disposal site)

WNDD0013 6.0m of complex massive sulphides from 76.4m (G Lens)

WNDD0012 4.75m of complex massive sulphides from 135.4m (E Lens up-dip)

WNDD0015 4.1m of massive sulphides from 242.0m (Lisa Lens)

WNDD0010 4.4m @ 4.1% Zn, 3.2% Cu, 0.9% Pb from 206m

WNDD0009 14.8m @ 5.4% Zn, 2.7% Cu, 2.0% Pb from 198m

WNDD0006 5.6m @ 13.3% Zn, 0.7% Cu, 5.4% Pb, 1.2g/t Au & 25.9g/t Ag from 626.1m
4.0m @ 4.8% Zn, 0.5% Cu, 0.2% Pb & 14.5g/t Ag from 679m
8.1m @ 3.0% Zn, 2.3% Cu, 3.1% Pb, 2.6g/t Au & 68.8g/t Ag from 699.4m
10m @ 1.6% Zn, 1.7% Cu, 0.2% Pb, 0.2g/t Au & 15.3g/t Ag from 759m

400m



Rock Mechanics / Geotechnical Engineering - Beck Engineering has reviewed the extensive historical records to better understand the ground conditions previously encountered, and past ground control practices. Inspection and geotechnical logging of Kate Lens diamond drill core has shown improved ground competency in this area. Along with the use of a consolidated backfill, it is expected that the selection of an appropriate mining method will provide for maximum recovery and high productivity. The new operation contemplated by the PEA has presented the Company with the opportunity to consider the implementation of a number of changes that will greatly improve the future management of ground conditions. These changes include the use of full time geotechnical resources on site, structural modelling to improve the predictive capacity for mine planning, tailored extraction techniques that will minimise the creation of isolated sill pillars and, critically, the implementation of cemented paste fill as a competent support medium.

Proposed Boxcut, Portal & Decline - A component of the current drilling program includes the drilling of specific geotechnical holes along the proposed decline route. The first geotechnical drill hole encountered low-competency black shale and mudstone units. This led Beck Engineering to recommend a revised decline route and a redesigned geotechnical drill program. Three geotechnical holes have now been completed with adequate ground conditions encountered at the designed decline depths.

Mining Studies and Costs - SRK and Beck Engineering, with input from Heron (including past Woodlawn employees), have been working on examining a number of different mining methods that could be applied to both existing resources in and around the former workings, as well as the new resource areas defined by the recent drilling programs. Future mining at Woodlawn will utilise several different mining techniques determined by localised factors, such as mineralised width, length and height, proximity to other workings, new resource areas, and assessment of the likely ground conditions. Due to the high-grade nature of the mineralisation, a target for the mine planning work is to maximise metal recovery. The application of competent cement paste fill will be integral to achieving this. SRK has estimated a set of preliminary production rates and costs for these mining methods that will be incorporated into the proposed mining inventory, production schedule and financial assessment of the PEA.

Backfill Studies - Outotec has commenced paste fill and rheology work on a 134kg large sample collected from the South Tailings Dam and ground to 30 microns at AMML's laboratory in Gosford. Initial testwork indicates that approximately 48% of the material will be of a size suitable for paste fill. Following the completion of flotation test work by AMML on the core samples from underground, the resulting tailings will be forwarded to Outotec for further paste fill and rheology test work.

Metallurgical Testwork - Testwork is ongoing at Australian Minmet Metallurgical Laboratories ("AMML"). This has demonstrated that readily saleable copper, lead and zinc concentrates can be produced at high metal recoveries in a conventional sequential flotation circuit. Utilising improvements to process technologies, flotation results from the combined underground mineralisation and former tailings, have exceeded the historical recoveries achieved during the original flotation of fresh Woodlawn underground ore alone.

Process and Plant Engineering - GR Engineering Services is undertaking the process and plant engineering work which builds upon their 2012 Front End Engineering Design ("FEED") Study for the tailings retreatment plant, as well as taking into account the metallurgical test results for the underground and underground/tailings samples. A revised flowsheet has now been agreed, and the engineering study work is proceeding on a plant design capable of processing variable blends of underground ore and tailings at a total feed rate of 1.5 million tonnes per annum.

Project Development Permitting / Licensing - Whilst permitting and licensing aspects do not influence the completion of the PEA, they are advancing in parallel with the study, to prepare the site for commencement of on-ground development activity. This will avoid the extended delays often encountered after decisions to proceed are taken. The Woodlawn Project received NSW State Government approval for development on 4 July 2013. As a condition of that approval, a number of management plans are required prior to the commencement of construction. It is anticipated these plans will be lodged with the Department before the end of March 2015. Heron has received notification from the Division of Resources & Energy (DRE) that SML20, the mining lease that covers the Woodlawn site, is to be renewed for a further 15 year period. Final renewal documents are expected from the DRE within the next few weeks.

Woodlawn Project Development Plan - Following completion of the PEA, it is anticipated that a Feasibility Study (FS) will be undertaken. The FS is expected to take up to 12 months and will encompass the combined development of both the underground and tailings projects. Following a positive outcome from the FS and securing project funding, first production of zinc concentrates at Woodlawn is presently estimated to be early in 2018.

Woodlawn Exploration Project (WEP) (100% Heron unless otherwise stated)

- **Currawang Prospect** –new targets defined from historic DHEM
- **Hayshed Prospect** – auger sampling completed with anomalies identified
- **Cowley Hills Prospect** – target generation underway

The Woodlawn Project includes a 556km² exploration portfolio which is prospective for Volcanogenic Massive Sulphide (VMS) style mineralisation (See Figure 4).

As a VMS centre, the Woodlawn mineralising system can be reasonably expected to generate multiple mineralised positions. High priority “brownfields” targets have been defined in and around SML20, including Currawang, Cowley Hills and Hayshed.

Currawang (10km NW of Woodlawn) – a program of fixed loop EM surveying is planned for the current Quarter to follow-up targets north and south of the old underground mine. This deposit was mined from underground up until 1995 producing around 0.5Mt of high-grade ore at similar grades to the Woodlawn operation. The deposit consists of a lenticular pod of massive sulphide mineralisation within the Currawang Basalt and there is reasonable potential to find additional mineralisation in the poorly tested down-dip and along strike positions.

Cowley Hills (2.5km NE of Woodlawn) – a review of this mine area is currently being undertaken. The mine produced around 35,000 tonnes and operated between 1990 and 1991 with ore being hauled to and processed at Woodlawn. Limited drilling has been undertaken directly south and down-plunge from the known mineralisation and this will be the focus of the review.

Pylara/Hayshed (directly SE of Woodlawn, royalty payable to Variscan Mines Ltd on certain blocks of EL 7257) – a program of auger soil sampling was undertaken during the Quarter with some 350 samples collected. Assay results show a broad zone of Cu/Pb/Zn/Au/As anomalism within which there is higher level core of copper with results up to 203ppm (Figure 5). Within this zone, lead levels reported up to 358ppm, zinc up to 114ppm, gold up to 30ppb and arsenic (a base-metal path finder element) up to 304ppm. These soil assay results are considered significant given the depleted nature of the soils in the area. While not as large as the Woodlawn footprint, the anomalism may be pointing towards a potentially discoverable zone of base-metal mineralisation.

Cullarin Joint Venture (Heron 78.9%, Golden Cross Resources Ltd 21.1%, 45km NNW of Woodlawn) – an airborne EM survey was completed in the Quarter and while no high priority targets were generated for immediate drill testing, a number of more subtle, lower priority targets are being assessed.

Work on WEP areas will progress in parallel to the current SML20 activities and form an important part in Woodlawn becoming a regional processing centre for polymetallic sulphide mineralisation.

Figure 4: Woodlawn location and regional exploration targets

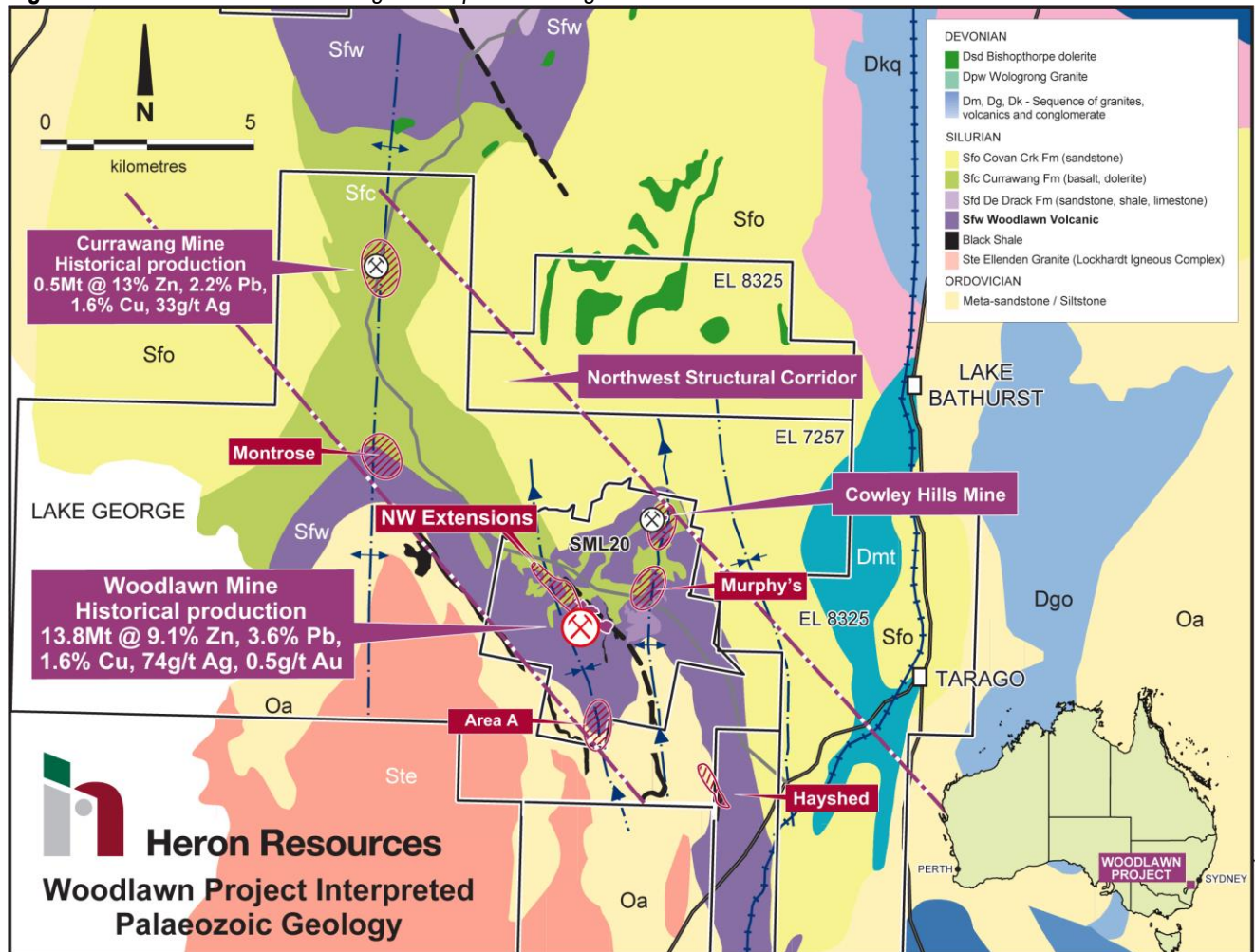
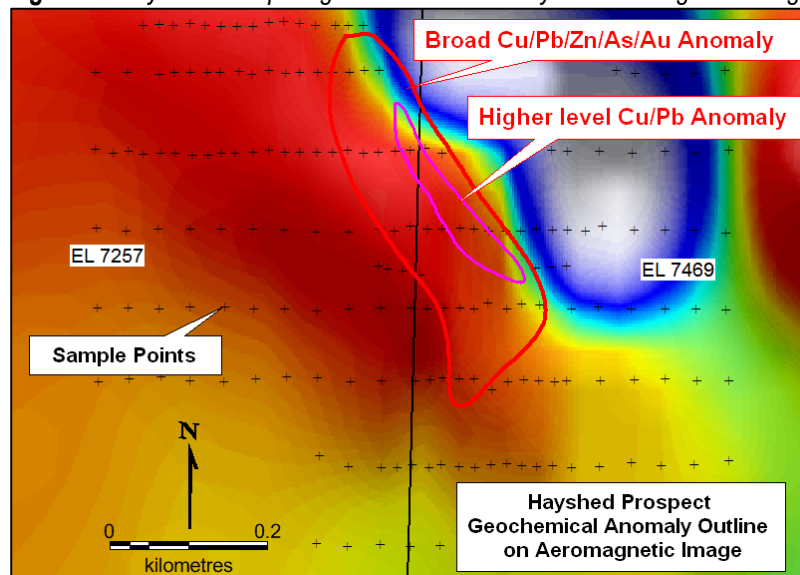


Figure 5: Hayshed Prospect geochemical anomaly on Aeromagnetic Image.



KALGOORLIE NICKEL PROJECT, 100% HERON (KNP)

• Partner search continuing

The KNP provides significant exposure to long-term, low cost nickel production in a highly stable and mining-orientated jurisdiction. The project is located in the Eastern Goldfields of Western Australia, 50-100km north and east from Kalgoorlie with a tenement holding covering 850km². The nickel laterite rights are 100% held by Heron on unencumbered tenure. With the combination of a large resource base and screen beneficiation of siliceous material, a potential Leach Feed Grade of 1.1-1.5% nickel is possible over a long mine life. The project is also well supported by gas, road and rail infrastructure that is suitably located to support the development of the KNP plant site. To date more than A\$50 million has been spent on the resource drill-out, with the most recent scoping studies focused on the use of Simulus' CFNP process, which demonstrated that the KNP has the potential to provide a source of long term, low capital intensity, and high margin nickel concentrates to the market.

During the quarter Heron continued its search to find a potential funding partner to commercialize the "KNP Optimized Flowsheet". KPMG Corporate Finance was mandated to assist in managing the interest received, and a data room has been opened to a number of parties. Whilst Heron has received positive feedback from parties on the merits of the Simulus CFNP process for the treatment of the KNP laterite, progress in finding a suitable partner has been slower than anticipated. It is also apparent that market sentiment, and consequently appetite for an investment in the KNP, has been affected by a steady decline in the nickel price from the year high of US\$9.62/lb in the June 2014 quarter to the current price of around US\$6.52/lb.

EXPLORATION PROJECTS

New South Wales – Copper-Gold Exploration

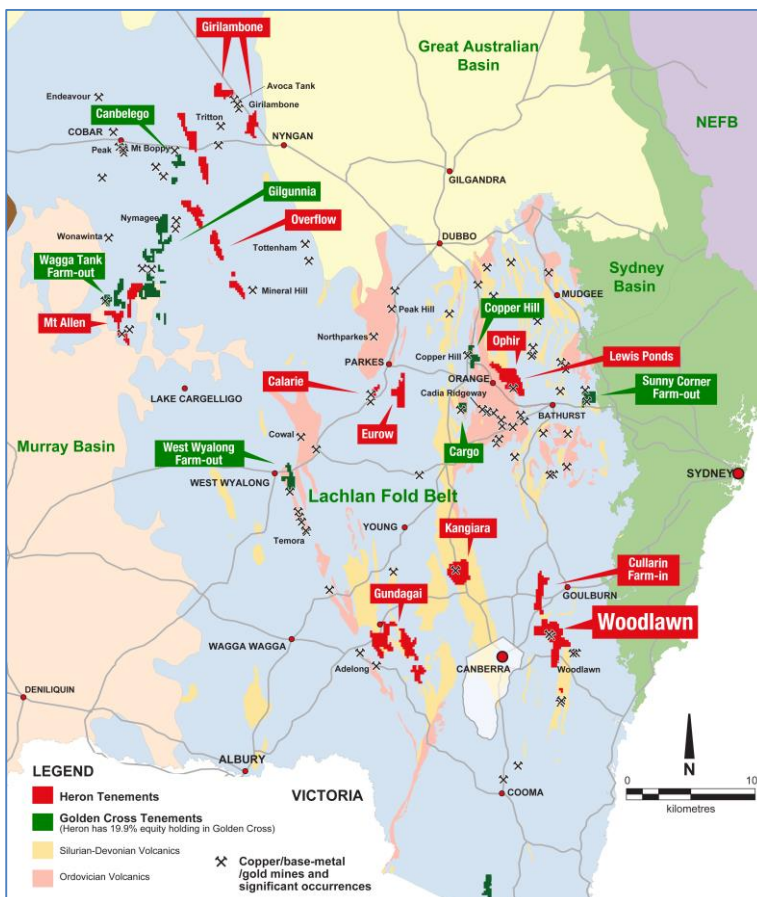


Figure 6: Heron's tenement holdings and interests in NSW

Heron maintains a significant tenement holding in the Lachlan Fold Belt with some 3,739km² under tenure (Figure 6).

Three regional structural settings have been the focus for Heron 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 and Cullarin. All Lachlan VMS centres are characterized by multiple lenses associated with a discrete exhalative Silurian felsic volcanic/pelite stratigraphy, and all are suited to EM-based exploration approaches.

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, Lewis Ponds, Copper Hill, Eurow-Kamandra and Northparkes.

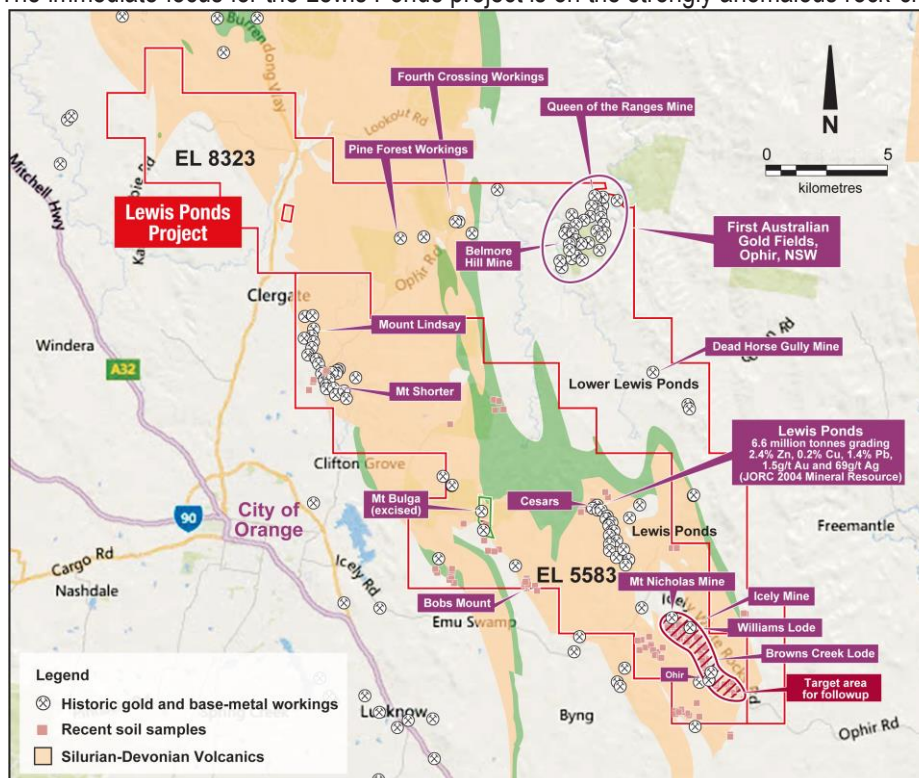
3 Gilmore Suture gold-copper

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, Mt Boppy and Sussex. The key focus of the exploration is on the Lewis Ponds and Overflow projects. The other mainly grass-roots projects are being reviewed with the potential to farm out to suitable partners.

Lewis Ponds Gold-Copper Project (100% Heron)

Located 15km east of Orange, in central NSW (Figures 6 & 7) the project contains the Lewis Ponds VMS deposit (6.6 million tonnes grading 2.4% Zn, 0.2% Cu, 1.4% Pb, 1.5g/t Au and 69g/t Ag JORC 2004 Mineral Resource¹) – made up of Main Zone and Tom's Zone which occur in a sequence of deformed Silurian felsic-to intermediate-volcano marine-sedimentary rocks. As reported previously, a number of targets warrant follow-up in the immediate vicinity of the existing resource.

The immediate focus for the Lewis Ponds project is on the strongly anomalous rock-chip samples taken from the Ophir and



Browns Creek area in the south-east of the tenement. These areas have received very little past exploration and the Heron results suggest a significant mineralising system may be present. A program of systematic soil auger sampling will be planned to better delineate the size of the system prior to potential reconnaissance drilling to determine the nature of the mineralisation.

Additional tenure was granted directly to the north of the existing tenement during the quarter.

Figure 7: Lewis Ponds Project showing key prospects and target areas for follow-up in the SE corner (recent rock-chip samples are shown as pink squares)

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

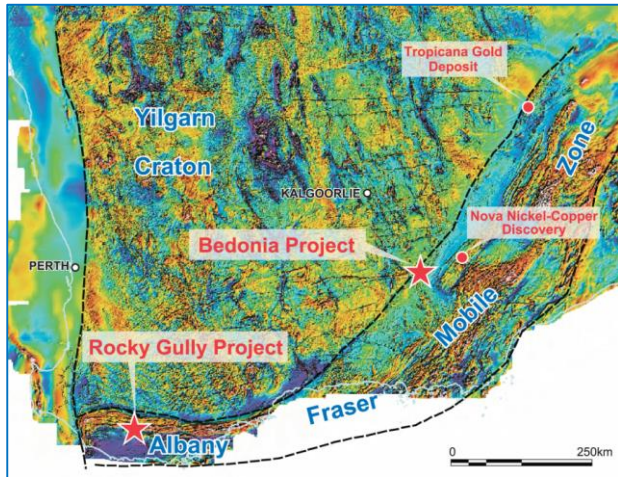
The Overflow project is located 110km south-east of Nynghan and 50km north-west along strike from the Mineral Hill operation (owned by KBL Mining Ltd). The project is located along the northern extension of the Gilmore Suture within Ordovician and Devonian aged meta-sediments. It has the potential to host both epithermal and Cobar-style gold and base-metal mineralisation. No field work was undertaken during the Quarter.

¹ Refer to Section 8.0 of Heron's 2014 Annual Report

West Australia – Nickel Sulphide Exploration

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) (Figures 8) 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.

To this end, Heron completed an initial four hole RC drill program in late 2013 to test a bedrock EM conductor which intersected gneissic mafic to intermediate rocks with disseminated sulphides.

Auger programs earlier in 2014 identified a number of nickel sulphide targets at the Beaker, Woodline and Mordicus prospects. The Company is currently seeking a joint venture partner to advance the Bedonia targets

Figure 8: Bedonia Project location on aeromagnetic image

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

The Mt Zephyr Project is located 80km north-northeast of Leonora and is prospective for Archaean 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 Archaean ultramafic units occur at a similar stratigraphic level to the Mt Windarra ultramafic units north of Laverton. Follow-up sampling and a possible EM survey is being planned.

Mt Zephyr is a contiguous strategic greenstone holding which Heron ranks highly within its WA exploration portfolio. No further work was completed in the current Quarter, however once targets are better defined, the Company will be seeking a joint venture partner to advance specific targets.

Queensland Exploration Projects (100% Heron)

The Company held four tenements covering some 550km² in the Mt Isa Inlier of northwest Queensland, targeting copper-gold-REE mineralisation in Iron Oxide Copper Gold (IOCG) settings. Following an unsuccessful search for a joint venture partner the Company decided during the Quarter to relinquish this ground and focus its resources on its other projects in NSW and WA.

Joint Venture Projects WA and NSW

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

The Bulong Gold Project is located 30km east of Kalgoorlie. No field work was undertaken during the Quarter by Southern Gold Ltd, who are the managers of the Joint Venture. Further reviews of the merits of retaining lower priority targets in relation to the near-term opportunities for exploration success resulted in a number of tenements being relinquished. An Information Memorandum relating to the potential nickel sulphide prospectivity of the Joint Venture tenements was distributed to a number of interested parties. Limited availability of funds for joint venture activities appears to have precluded discussions advancing beyond initial evaluation of the available data. Southern Gold continues to seek potential partners to evaluate the significant sulphide nickel prospectivity of the area as it also moves towards gold production at its wholly owned Canon deposit located adjacent to the joint venture ground.

Rocky Gully Nickel-Copper Prospect (100% Heron, PLD Corporation right to purchase 90%)

The Rocky Gully Project is located 85km northwest of Albany, Western Australia within the western extension of the Albany Fraser Mobile Zone and is prospective for Nova-style nickel-copper sulphide deposits. PLD Corporation Limited (ASX:PLD) (PLD) has entered into an agreement with Heron whereby PLD has a 12 month option to acquire a 90% interest in Heron's tenements for a consideration of A\$280,000 cash or equivalent PLD shares (PLD election). No further field work was reported by PLD for the Quarter.

Calarie Copper-Gold Project (EL7023 and ML739 – farmed out to Kimberley Diamonds Ltd who are earning a 75% interest)

Located 25km south-southwest of Parkes the area is principally prospective for gold mineralisation associated with the old Lachlan gold workings where several encouraging drill intercepts have been returned in recent years. No field work was reported for the Quarter.

CORPORATE

- **General Meeting of Shareholders scheduled for 12 February 2015**
- **Cash A\$27.9 million and listed investments A\$3.1 million at 31 December 2014**

General Meeting - At the annual general meeting (AGM) in November last year, the Company received a second strike vote against its remuneration report for the financial year ended 30 June 2014. The shareholders also approved the convening of a spill meeting (General Meeting of Shareholders). The Company subsequently entered into discussions with its major shareholders, including Sprott Inc., with a view to resolving a board composition that would meet with a high degree of support across the share register. As a result, it was agreed that Mr Borden Putnam III would join the Board (appointed 12/12/2014) as a Non-Executive Director, and that Sprott would support the re-election of Messrs Ian Buchhorn, Stephen Dennis, Borden Putnam III and Craig Readhead as directors at the General Meeting.

Following the General Meeting, the Company will further consider the Board makeup having regard to a composition of a majority of independent directors including a decision on the position of Chairman, with Mr Craig Readhead volunteering not to offer himself for consideration and that the Chairman of the Board be independent for both the purposes of Australian and Canadian securities regulation.

Cash - At the end of the Quarter (31 December 2014) Heron held A\$27.9M in cash (excluding A\$0.4M in bonds) and A\$3.1M in investments.

Table 1 Details of drill holes drilled to date as part of the first phase

Hole No	WMG East (m)	WMG North (m)	WMG RL (m)	Surface Dip	WMG Surface Azimuth	EOH Depth (m)	Target
WNDD0001	8,995	19,402	2,793	-65.0	88.0	426	Kate Lens
WNDD0002	9,011	19,400	2,793	-58.2	95.1	434	Kate Lens
WNDD0003	8,996	19,402	2,793	-71.1	88.8	463	Kate Lens
WNDD0004	8,977	19,637	2,786	-70.4	86.0	272	I Lens (up-dip)
WNDD0005	8,976	19,638	2,787	-65.3	78.7	264	I Lens (up-dip)
WNDD0006	8,548	19,749	2,787	-70.0	96.8	95	I/I2/D Lens (down-dip)
WNDD0007	8,997	19,350	2,792	-60.0	91.0	581	Kate Lens
WNDD0008	8,969	19,353	2,791	-68.1	88.6	469	Kate Lens
WNDD0009	9,155	19,342	2,793	-76.9	80.9	480	G Lens & Kate Lens
WNDD0010	9,151	19,302	2,791	-78.6	80.2	377	G Lens & Kate Lens
WNDD0011	8,995	19,402	2,793	-65.0	80.5	440	Kate Lens
WNDD0012	9,299	19,282	2,801	-62	87.0	190	E Lens
WNDD0013	9,249	19,309	2,798	-58	82.0	120	G Lens
WNDD0014	9,280	19,290	2,793	-60	73.2	80	G Lens
WNDD0015	9,014	19,601	2,780	-60	99.0	279	Lisa Lens
WNDD0016	8,973	19,353	2,780	-60	96.7	471	Kate Lens
WNDD0017	9,094	19,523	2,788	-74	70.0	310	Lisa and D Lens
WNRC0001	9,427	19,439	2,797	-62.0	90.1	138.0	
WNRC0002	9,407	19,496	2,797	-62.0	65.1	150.0	
WNRC0003	9,426	19,499	2,797	-66.3	89.1	108.0	
WNRC0004	9,410	19,542	2,797	-61.0	94.6	132.0	
WNRC0005	9,427	19,495	2,797	-76.4	97.4	12.0	Abandoned
WNRC0006	8,989	19,638	2,786	-74.7	87.2	48.0	Abandoned
WNRC0007	8,991	19,638	2,786	-74.5	83.6	11.5	
WNRC0008	9,992	19,736	2,781	-60.0	88.6	120.0	
WNRC0009	9,198	19,340	2,796	-61.7	90.1	138.0	
WNRC0010	9,298	19,307	2,801	-62.6	89.2	168.0	
WNRC0011	9,242	19,285	2,797	-62.4	93.7	121.0	

Notes: WMG = Woodlawn Mine Grid.

Table 2 Details of massive sulphide intercepts and reported grades from current Heron campaign

Hole No	From (m)	To (m)	Downhole Width (m)	Estimated True Width (m)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)
WNDD0001*	373.6	388.0	14.4	11.5	4.6	4.1	0.8	1.0	56.8
WNDD0002*	368.0	370.3	2.3	1.9	12.0	0.6	5.4	1.3	116
WNDD0002*	374.0	382.7	8.8	7.2	12.6	1.6	7.5	2.3	152
WNDD0006*	626.1	631.8	5.6	4.5	13.3	0.7	5.4	1.2	25.9
WNDD0006*	679.0	683.0	4.0	3.2	4.8	0.5	0.2	0.0	14.5
WNDD0006*	699.4	707.4	8.1	6.5	3.0	2.3	3.1	2.6	68.8
WNDD0006*	759.0	769.0	10	8	1.6	1.7	0.2	0.2	15.3
WNDD0007*	414.3	426.6	12.3	9.8	20.0	2.1	6.1	0.8	52.9
WNDD0007*	434.7	437.1	2.4	1.9	20.1	1.6	4.2	2.1	39.7
WNDD0008*	434.0	439.4	5.4	4.3	11.1	1.6	0.8	0.6	11.4
WNDD0009*	198.0	214.8	14.8	8.9	5.4	2.7	2.0	1.2	48.5
WNDD0009*	308.7	316.8	8.1	6.5	7.2	1.1	2.3	0.9	28
WNDD0010*	206.0	210.4	4.4	3.5	4.1	3.2	0.9	2.6	39
WNRC0010*	37.0	45.0	8	6.4	3.6	1.3	2.6	1.0	65.4

Notes: True width is an estimate of the actual thickness of the intercept based on interpreted lens orientation (approximately 80% of downhole width); grades are weighted average grades, weighted by length of samples intervals downhole, which are nominally 1 metre. No weighting was applied for differences in specific gravity. * Previously reported results.

Compliance Statement (JORC 2012 and NI43-101)

The technical information in this news release relating to the exploration results 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 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 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.

Preliminary Economic Assessment (PEA)

The Canadian Securities Administrators (“CSA”) published Staff Notice 43-307 Mining Technical Reports – Preliminary Economic Assessments, clarifying the definition of “preliminary economic assessment” (“PEA”) in National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”). NI 43-101 defines a PEA as “a study, other than a pre-feasibility study or feasibility study, which includes an economic analysis of the potential viability of mineral resources”. The terms pre-feasibility study (“PFS”) and feasibility study (“FS”) have the meanings ascribed by the CIM Definition Standards for Mineral Resources and Mineral Reserves.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This news release 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 news release. 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 news release 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.

No stock exchange, regulation services provider, securities commission or other regulatory authority has approved or disapproved the information contained in this news release.

Corporate Directory

Directors	Issued Share Capital	Registered Office and Address for Correspondence																																																																												
<p>Craig Readhead*</p> <p><i>Chairman</i></p> <p>Stephen Dennis**</p> <p>Borden Putnam III**</p> <p>Ian Buchhorn</p> <p>Wayne Taylor</p> <p><i>*Denotes Non-executive</i></p> <p><i>+Denotes Independent</i></p>	<p>As at the date of this report, Heron Resources Limited had 360,877,723 ordinary shares, 16,424,890 options.</p> <p>The options have expiry dates ranging from 23 June 2015 to 31 January 2019 and have exercise prices ranging from A\$0.09 to A\$0.6864</p> <p>Heron trades on the ASX as 'HRR' and on the TSX as 'HER'.</p>	<p>Perth</p> <p>Level 1, 37 Ord Street</p> <p>West Perth, WA 6005</p> <p>Telephone +61 8 9215 4444</p> <p>Facsimile +61 8 9215 4490</p> <p>Sydney</p> <p>Suite 702, 191 Clarence Street</p> <p>Sydney NSW 2000</p> <p>Telephone +61 2 9299 7800</p> <p>Facsimile (02) 9299 7500</p> <p>Email heron@heronresources.com.au</p> <p>Website www.heronresources.com.au</p> <p>In Canada;</p> <p>Telephone +1 905 727 8688</p> <p>Email CMuir@heronresources.com.au</p> <p>Website www.heronresources.com.au</p>																																																																												
Executive Management	Monthly Share Price Activity																																																																													
<p>Wayne Taylor</p> <p><i>Managing Director & Chief Executive Officer</i></p> <p>Ian Buchhorn</p> <p><i>Executive Director</i></p> <p>Simon Smith</p> <p><i>Chief Financial Officer & Joint Company Secretary</i></p> <p>Bryan Horan</p> <p><i>Joint Company Secretary</i></p> <p>David von Perger</p> <p><i>General Manager Exploration</i></p> <p>Charlie Kempson</p> <p><i>General Manager Strategy & Business Development</i></p>	<p>(A\$ per share - ASX)</p> <table><tr><th>Month</th><th>High</th><th>Low</th><th>Close</th></tr><tr><td>Jan 14</td><td>0.140</td><td>0.120</td><td>0.120</td></tr><tr><td>Feb 14</td><td>0.140</td><td>0.120</td><td>0.120</td></tr><tr><td>Mar 14</td><td>0.160</td><td>0.130</td><td>0.150</td></tr><tr><td>Apr 14</td><td>0.140</td><td>0.120</td><td>0.130</td></tr><tr><td>May 14</td><td>0.130</td><td>0.120</td><td>0.120</td></tr><tr><td>Jun 14</td><td>0.120</td><td>0.105</td><td>0.100</td></tr><tr><td>Jul 14</td><td>0.140</td><td>0.120</td><td>0.160</td></tr><tr><td>Aug 14</td><td>0.180</td><td>0.140</td><td>0.190</td></tr><tr><td>Sep 14</td><td>0.205</td><td>0.140</td><td>0.160</td></tr><tr><td>Oct 14</td><td>0.160</td><td>0.135</td><td>0.145</td></tr><tr><td>Nov 14</td><td>0.145</td><td>0.120</td><td>0.125</td></tr><tr><td>Dec 14</td><td>0.135</td><td>0.115</td><td>0.125</td></tr></table> <p>(CA\$ per share - TSX)</p> <table><tr><th>Month</th><th>High</th><th>Low</th><th>Close</th></tr><tr><td>Aug 14</td><td>0.250</td><td>0.150</td><td>0.185</td></tr><tr><td>Sep 14</td><td>0.205</td><td>0.145</td><td>0.170</td></tr><tr><td>Oct 14</td><td>0.170</td><td>0.120</td><td>0.150</td></tr><tr><td>Nov 14</td><td>0.145</td><td>0.100</td><td>0.130</td></tr><tr><td>Dec 14</td><td>0.145</td><td>0.090</td><td>0.145</td></tr></table>	Month	High	Low	Close	Jan 14	0.140	0.120	0.120	Feb 14	0.140	0.120	0.120	Mar 14	0.160	0.130	0.150	Apr 14	0.140	0.120	0.130	May 14	0.130	0.120	0.120	Jun 14	0.120	0.105	0.100	Jul 14	0.140	0.120	0.160	Aug 14	0.180	0.140	0.190	Sep 14	0.205	0.140	0.160	Oct 14	0.160	0.135	0.145	Nov 14	0.145	0.120	0.125	Dec 14	0.135	0.115	0.125	Month	High	Low	Close	Aug 14	0.250	0.150	0.185	Sep 14	0.205	0.145	0.170	Oct 14	0.170	0.120	0.150	Nov 14	0.145	0.100	0.130	Dec 14	0.145	0.090	0.145	<p>Share Registry (Australia)</p> <p>Security Transfer Registrars Pty Ltd</p> <p>770 Canning Highway</p> <p>Applecross, 6153, WA</p> <p>Telephone +61 8 9315 2333</p> <p>Fascimile +61 8 9315 2233</p> <p>Email registrar@securitytransfer.com.au</p> <p>Please direct enquiries regarding Australian shareholdings to the Share Registrar.</p> <p>Transfer Agent (Canada)</p> <p>TMX Equity Transfer Services Inc</p> <p>200 University Avenue, Suite 300</p> <p>Toronto ON M5H 4H1</p> <p>Toll Free: 1 (866) 393-4891</p> <p>Tel: (416) 361-0930</p> <p>Email:TMXInvestorservices@tmx.com</p> <p>Please direct enquiries regarding North American shareholdings to the Transfer Agent.</p>
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Appendix 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT

Name of entity

HERON RESOURCES LIMITED

ABN

30 068 263 098

Quarter ended

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current Qtr \$A'000	Year to Date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for: (a) exploration and evaluation	(1,956)	(3,319)
(b) development		
(c) production		
(d) administration, business development	(879)	(1,851)
1.3 Dividends received	265	557
1.4 Interest and other items of similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	42	46
1.7 Other –GST		
Net Operating Cash Flows	(2,528)	(4,567)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	(22)	(29)
(b) equity investment	(200)	(378)
(c) other fixed assets	(25)	(29)
1.9 Proceeds from sale of: (a) prospects		
(b) equity investment	89	89
(c) other fixed assets		
1.10 Loans to other entities – TriAusMin converting note		
1.11 Loans repaid by other entities		
Net Investing Cash Flows	(158)	(347)
1.12 Total operating and investing cash flows (carried forward)	(2,686)	(4,914)

1.12 Total operating and investing cash flows (brought forward)	(2,686)	(4,914)
Cash flows related to financing activities		
1.13 Proceeds from the issue of shares, options, etc.		
1.14 Proceeds from the sale of forfeited shares		
1.15 Proceeds from borrowings		
1.16 Repayment of borrowings		
1.17 Dividends paid		
1.18 Other (provide details if material)		
Net financing cash flows		
Net increase (decrease) in cash held	(2,686)	(4,914)
1.19 Cash at beginning of quarter/year	31,002	32,915
1.20 Cash acquired via TriAusMin acquisition	-	315
1.21 Cash at end of quarter	28,316	28,316

**Payments to directors of the entity and associates of the directors,
payments to related entities of the entity and associates of the related entities**

	Current Qtr \$A'000
1.22 Aggregate amount of payments to the parties included in item 1.2	296
1.23 Aggregate amount of loans to the parties included in item 1.10	

1.24 Explanation necessary for an understanding of the transactions

Directors fees, salaries and superannuation (A\$237,576).
Provision of legal services by director related entity (A\$40,321)
Provision of office accommodation by director related entity (A\$18,450)

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

See attached schedule

Financing facilities available*Add notes as necessary for an understanding of the position*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,500
4.2 Development	-
4.3 Production	-
4.4 Administration	850
Total	3,350

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to related items in the accounts as follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	252	310
5.2 Deposits at call	27,638	30,266
5.3 Bank Overdraft		
5.4 Other (provide details)		
Property Rental bond	49	49
Environmental bonds	377	377
Total: cash at end of quarter (Item 1.21)	28,316	31,002

6.1 Interests in Mining Tenements transferred, relinquished, withdrawn, reduced or lapsed.

Changes in interests in mining tenements

Tenement	Location	Nature of Interest	% Beginning of Quarter	% At end of Quarter
E15/01344	48km SSW of Kalgoorlie	Registered Applicant	100	0
E29/00926	140km NNW of Kalgoorlie	Registered Applicant	100	0
E29/00931	72km NNW of Kalgoorlie	Registered Applicant	100	0
E63/01643	43km ENE of Norseman	Registered Applicant	100	0
M25/00111	40km E of Kalgoorlie	Registered Applicant	100	0
P24/04435	70km NW of Kalgoorlie	Registered Applicant	100	0
P24/04437	70km NW of Kalgoorlie	Registered Applicant	100	0
P24/04438	70km NW of Kalgoorlie	Registered Applicant	100	0
P24/04531	67km NNW of Kalgoorlie	Registered Applicant	100	0
P24/04652	75km NW of Kalgoorlie	Registered Applicant	100	0
P25/01853	40km E of Kalgoorlie	Registered Applicant	100	0
P26/03757	10km NE of Kalgoorlie	Ni-Au	100	0
P26/03758	10km NE of Kalgoorlie	Ni-Au	100	0
EL7955	27km NW of Nyngan	Registered Applicant	100	0
EL8202	63km SE of Cobar	Registered Applicant	100	0
ELA4964	5km N of Forbes	Registered Applicant	100	0
ELA5041	Cobar, NSW	Registered Applicant	100	0
ELA5058	Molong, NSW	Registered Applicant	100	0
ELA5067	11km north of Parkes	Registered Applicant	100	0

Interests in Mining Tenements acquired or increased

Tenement	Location	Nature of Interest	% Beginning of Quarter	% At end of Quarter
EL8313	27km NNE of Yass	Registered Applicant	0	100
EL8323	10km NE of Orange	Registered Applicant	0	100
EL8318	27km NW of Nyngan	Registered Applicant	0	100
EL8325	60km ENE of Canberra	Registered Applicant	0	100
ELA5100	59km WSW of Tottenham	Registered Applicant	0	Pending
ELA5117	7.5km SE of Woodlawn	Registered Applicant	0	Pending
ELA5119	27km NNE of Yass	Registered Applicant	0	Pending

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (\$)	Amount paid up per security (see note 3) (\$)
7.1 Preference securities (description)				

7.2 Changes during Quarter				
(a) Increases through share issues				
(b) Decreases through returns of capital, buybacks, redemptions				
Ordinary securities	360,877,723	360,877,723		
7.3 Changes during Quarter *				
(a) Increases through share issues				
(b) Decreases through returns of capital, buybacks				
7.4 Convertible debt securities (description)				
7.5 Changes during Quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				

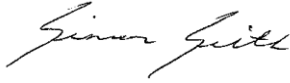
7.6 Options (description and conversion factor)			<i>Exercise Price</i>	<i>Expiry Date</i>
	5,000,000	Nil	\$0.6864	7/09/2016
	2,500,000	Nil	\$0.27	23/06/2015
	2,500,000	Nil	\$0.31	23/06/2016
	333,333	Nil	\$0.22	16/01/2015
	333,333	Nil	\$0.27	16/01/2016
	333,334	Nil	\$0.31	16/01/2017
	1,000,000	Nil	\$0.22	5/03/2016
	1,000,000	Nil	\$0.27	5/03/2017
	1,000,000	Nil	\$0.31	5/03/2018
	193,133	Nil	\$0.14	23/10/2017
	85,836	Nil	\$0.27	27/06/2016
	21,459	Nil	\$0.58	23/06/2015
	21,459	Nil	\$0.22	13/06/2017
	21,459	Nil	\$0.15	13/03/2018
	214,592	Nil	\$0.23	18/11/2015
	85,837	Nil	\$0.23	21/11/2017
	21,459	Nil	\$0.27	4/02/2017
	858,369	Nil	\$0.37	19/03/2016
	858,369	Nil	\$0.09	20/11/2018
	21,459	Nil	\$0.17	22/02/2018
	21,459	Nil	\$0.09	31/01/2019
7.7 Issued during Quarter	Nil	Nil		
7.8 Exercised during Quarter				
7.9 Expired during Quarter				
7.10 Debentures (totals only)				
7.11 Unsecured notes (totals only)				

Compliance 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

Nothing to report

Compliance Statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
2. This statement does give a true and fair view of the matters disclosed.



Sign here: _____

Date: 30/1/2015
Company Secretary

Print name: _____ Simon Smith

Notes

1. The Quarterly Report is to provide a basis for informing the market how the entity's activities have been financed for the past Quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of Interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

Table 3

Heron Resources Ltd Tenement Schedule for December 2014 Quarterly Report

Tenement	Location	Heron Interest (%)	Status	N o t e	Tenement	Location	Heron Interest (%)	Status	N o t e
E15/01405	60km NE of Norseman	100	Pending		M25/00207	40km E of Kalgoorlie	100 Ni Lat	Live	6
E15/01406	65km NE of Norseman	100	Pending		M25/00209	40km E of Kalgoorlie	100 Ni Lat	Live	6
E16/00332	62km NW of Kalgoorlie	100 of Ni only	Live	3	M25/00210	40km E of Kalgoorlie	100 Ni Lat	Live	6
E24/00158	78km NW of Kalgoorlie	100	Live		M25/00220	40km E of Kalgoorlie	100 Ni Lat	Live	6
E25/00510	36km ENE of Kalgoorlie	100	Pending		M25/00234	40km E of Kalgoorlie	100 Ni Lat	Live	6
E27/00524	67km NE of Kalgoorlie	100	Pending		M27/00395	68km NE of Kalgoorlie	100	Live	
E27/00529	72km NE of Kalgoorlie	100	Live		M28/00199	65km NE of Kalgoorlie	100	Live	
E28/01224	63km NE of Kalgoorlie	100	Live		M28/00201	65km NE of Kalgoorlie	100	Live	
E28/02311	70km E of Norseman	100	Pending		M28/00205	66km NE of Kalgoorlie	100	Live	
E28/02324	70km E of Norseman	100	Pending		M29/00167	87km NNW of Kalgoorlie	100	Live	
E28/02372	86km NE of Norseman	100	Pending		M29/00202	86km NNW of Kalgoorlie	100	Live	
E29/00850	105km NNW of Kalgoorlie	100	Live		M29/00214	100km NNW of Kalgoorlie	100	Live	
E29/00889	78km NW of Kalgoorlie	100	Pending		M29/00272	77km NNW of Kalgoorlie	100	Live	
E29/00934	67km NNW of Kalgoorlie	100	Pending		M29/00278	74km NNW of Kalgoorlie	100	Live	
E29/00936	91km NNW of Kalgoorlie	100	Pending		M29/00312	78km NW of Kalgoorlie	100	Live	
E29/00941	140km NNW of Kalgoorlie	100	Live		M29/00416	90km NNW of Kalgoorlie	87.5	Live	
E31/01092	140km NNE of Kalgoorlie	100	Pending		M29/00423	76km NNW of Kalgoorlie	100	Pending	
E39/01706	70km NW of Laverton	100	Pending		M31/00475	129km NE of Kalgoorlie	100	Live	5
E39/01757	70km NW of Laverton	100	Pending		M31/00477	129km NE of Kalgoorlie	100	Live	5
E39/01817	170km NNE of Kalgoorlie	100	Pending		M31/00479	129km NE of Kalgoorlie	100	Live	5
E63/01355	80km ENE of Norseman	100	Live		M31/00483	146km NNE of Kalgoorlie	100	Live	5
E63/01518	70km E of Norseman	100	Live		P16/02811	100km NNW of Kalgoorlie	100	Pending	
E63/01670	80km ENE of Norseman	100	Pending		P24/04202	75km NW of Kalgoorlie	100	Live	
E63/01678	42km ENE of Norseman	100	Pending		P24/04203	75km NW of Kalgoorlie	100	Live	
E63/01699	68km ENE of Norseman	100	Pending		P24/04204	75km NW of Kalgoorlie	100	Live	
E70/02801	85km NW of Albany	100	Live		P24/04205	75km NW of Kalgoorlie	100	Live	
E70/04543	105km NW of Albany	100			P24/04206	75km NW of Kalgoorlie	100	Live	
M24/00541	67km NNW of Kalgoorlie	100	Live		P24/04207	75km NW of Kalgoorlie	100	Live	
M24/00634	78km NW of Kalgoorlie	100	Live		P24/04208	75km NW of Kalgoorlie	100	Live	
M24/00658	75km NW of Kalgoorlie	100	Live		P24/04219	70km NW of Kalgoorlie	100	Live	
M24/00660	75km NW of Kalgoorlie	100	Live		P24/04220	70km NW of Kalgoorlie	100	Live	
M24/00663	75km NW of Kalgoorlie	100	Live		P24/04221	75km NW of Kalgoorlie	100	Live	
M24/00664	75km NW of Kalgoorlie	100	Live		P24/04243	75km NW 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	P25/02171	40km E of Kalgoorlie	100 Ni Lat	Live	6
M24/00797	78km NW of Kalgoorlie	100	Live		P25/02251	40km E of Kalgoorlie	100	Live	
M24/00845	71km NW of Kalgoorlie	100 of Ni only	Live	3	P25/02252	40km E of Kalgoorlie	100 Ni Lat	Live	6
M24/00846	71km NW of Kalgoorlie	100 of Ni only	Live	3	P25/02253	40km E of Kalgoorlie	100 Ni Lat	Live	6
M24/00847	71km NW of Kalgoorlie	100 of Ni only	Live	3	P25/02254	40km E of Kalgoorlie	100 Ni Lat	Live	6
M24/00848	71km NW of Kalgoorlie	100 of Ni only	Live	3	P25/02255	40km E of Kalgoorlie	100 Ni Lat	Live	6
M24/00915	78km NW of Kalgoorlie	100	Live		P25/02256	40km E of Kalgoorlie	100 Ni Lat	Live	6
M24/00916	78km NW of Kalgoorlie	100	Live		P25/02257	40km E of Kalgoorlie	100 Ni Lat	Live	6
M24/00917	75km 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	P29/02264	90km NNW of Kalgoorlie	100	Live	
M25/00134	40km E of Kalgoorlie	100 Ni Lat	Live	6	P29/02265	90km NNW of Kalgoorlie	100	Live	
M25/00145	40km E of Kalgoorlie	100 Ni Lat	Live	6	P29/02266	90km NNW of Kalgoorlie	100	Live	
M25/00151	38km E of Kalgoorlie	100	Live		P29/02267	90km NNW of Kalgoorlie	100	Live	
M25/00161	40km E of Kalgoorlie	100 Ni Lat	Live	6	P31/02038	113km NE of Kalgoorlie	100	Pending	
M25/00162	40km E of Kalgoorlie	100 Ni Lat	Live	6	P31/02039	113km NE of Kalgoorlie	100	Pending	
M25/00171	40km E of Kalgoorlie	100 Ni Lat	Live	6	P31/02040	113km NE of Kalgoorlie	100	Pending	
M25/00187	40km E of Kalgoorlie	100	Live		P31/02040	113km NE of Kalgoorlie	100	Pending	

NSW Tenements									
EL5583	15km E of Orange	100	Live		EL8221	15km SE of Gundagai	100	Live	
EL5878	100km NW of Condobolin	100	Live		EL8223	41km E Cobar	100	Live	
EL7023	10km N of Forbes	100	Live		EL8267	70km SE of Cobar	100	Live	
EL7257	40km SSW of Goulburn	100	Live		EL8313	27km NNE of Yass	100	Live	
EL7468	5km E of Collector	100	Live		EL8318	27km NW of Nyngan	100	Live	
EL7469	15km E of Bugendore	100	Live		EL8323	10km NE of Orange	100	Live	
EL7941	100km NW of Condobolin	100	Live		EL8325	60km ENE of Canberra	100	Live	
EL7951	72km NW of Nyngan	100	Live		ELA5070	Woodlawn	100	Pending	
EL7954	25km W of Goulburn	100	Live		ELA5100	59km WSW of Tottenham	100	Pending	
EL8057	50km E of Cobar	100	Live		ELA5117	7.5km SE of Woodlawn	100	Pending	
EL8061	Gundagai	100	Live		ELA5119	27km NNE of Yass	100	Live	
EL8086	57km E of Cobar	100	Live		ML 739	10km N of Forbes	100	Live	
EL8088	10km N of Mount Hope	100	Live		S(C&PL)L 20	40km SSW of Goulburn	100	Live	
EL8192	23km SE of Parkes	100	Live						
HERON RETAINED RIGHTS, WA									
METALIKO: HERON RETAINS NICKEL RIGHTS									
M24/00919	63km NNW of Kalgoorlie	100% to Ni	Live	7	P24/04215	60km NNW of Kalgoorlie	100% to Ni	Live	7
P24/04198	55km NNW of Kalgoorlie	100% to Ni	Live	7	P24/04216	60km NNW of Kalgoorlie	100% to Ni	Live	7
P24/04199	55km NNW of Kalgoorlie	100% to Ni	Live	7	P24/04217	55km NNW of Kalgoorlie	100% to Ni	Live	7
P24/04200	62km NNW of Kalgoorlie	100% to Ni	Live	7	P24/04218	55km NNW of Kalgoorlie	100% to Ni	Live	7
P24/04201	62km NNW of Kalgoorlie	100% to Ni	Live	7	P24/04222	55km NNW of Kalgoorlie	100% to Ni	Live	7
P24/04210	70km NNW of Kalgoorlie	100% to Ni	Live	7	P24/04488	71km NW of Kalgoorlie	100% to Ni	Live	7
P24/04212	62km NNW of Kalgoorlie	100% to Ni	Live	7					
PIONEER: HERON RETAINS NICKEL LATERITE									
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	
RAMELIUS: 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 A 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						
SOUTHEN 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 A ROYALTY ON GOLD PRODUCTION									
E26/00124	14km N of Kalgoorlie	Royalty	Live		P26/03493	6km NNE of Kalgoorlie	Royalty	Live	
P26/03481	14km N of Kalgoorlie	Royalty	Live		P26/03494	6km NNE of Kalgoorlie	Royalty	Live	
P26/03360	6km NNE of Kalgoorlie	Royalty	Live		P26/03495	6km NNE of Kalgoorlie	Royalty	Live	
P26/03361	6km NNE of Kalgoorlie	Royalty	Live		P26/03496	6km NNE of Kalgoorlie	Royalty	Live	
P26/03362	6km NNE of Kalgoorlie	Royalty	Live						
CLIFF ASIA PACIFIC: HERON RETAINS A ROYALTY ON IRON ORE PRODUCTION									
E29/00710	104km WNW of Menzies	Royalty	live		E29/00736	104km WNW of Menzies	Royalty	Live	
E30/00368	130km N of Southern Cross	Royalty	live		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.

Appendix 1 – JORC Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section applies to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. 	<ul style="list-style-type: none"> Samples from the diamond-core holes are being taken from mostly NQ sized core (with a small proportion of HQ sized core) and sampled on a nominal 1 metre basis taking into account smaller sample intervals up to geological contacts. The core is cut in half along the core orientation line (where available) and in massive sulphide zones one portion is quartered for assaying, half core is preserved for metallurgical testing and the remaining quarter is retained as reference material in the core trays. In non massive sulphide material half core is sampled. Samples from the RC holes were generated from a 4.5 inch sized bit and sampled on an initial 4 metre down-hole composite basis, with zones of mineralisation being samples over 1 metre intervals. The 4 metre composites are taken via a spear method into the plastic sample bags, while the 1 metre samples are split via a riffle splitter. Auger samples at Pylara were taken from about 1m below surface depth using a Landcruiser mounted power auger. The samples we taken from the auger spoil without sieving. These sampling methods are standard industry methods and are believed to provide acceptably representative samples for the type of mineralisation likely to be encountered.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details. 	<ul style="list-style-type: none"> Diamond-core drilling is being undertaken by a McCulloch DR800 rig or similar with HQ sized core being drilled to approximately between 80-200m before switching to NQ size. Various techniques are employed to ensure the hole is kept within limits of the planned position. The core is laid out in standard plastic cores trays. The RC drilling has been undertaken by a Schramm T450WSI rig that is drilling a 4.5 inch hole with face sampling hammer. A booster and auxiliary compressor is used to increase the volume and pressure of air. The 1 metre samples are fed through a cyclone and riffle splitter before passing into green plastic bags which are laid out in rows on the ground. A dust suppression system is in use.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. 	<ul style="list-style-type: none"> The core is transported to an enclosed core logging area and recoveries are recorded. Recoveries to date have been better than 95%. The core is orientated, where possible and marked with 1 metre downhole intervals for logging and sampling. The recoveries for the RC drilling are also recorded and have mostly been 100%.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and 	<ul style="list-style-type: none"> Both diamond core and RC holes are fully geologically logged by geologists. Geotechnical logging is also being undertaken on selected sections of the core. Samples for metallurgical testing are

Criteria	JORC Code explanation	Commentary
	<i>metallurgical studies.</i>	being kept in a freezer to reduce oxidation prior to being transported to the metallurgical laboratory.
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> For all sample types, the nature, quality and appropriateness of the sample preparation technique. 	<ul style="list-style-type: none"> All core samples are crushed then pulverised in a ring pulveriser (LM5) to a nominal 90% passing 75 micron. An approximately 250g pulp sub-sample is taken from the large sample and residual material stored. A quartz flush (approximately 0.5 kilogram of white, medium-grained sand) is put through the LM5 pulveriser prior to each new batch of samples. A number of quartz flushes are also put through the pulveriser after each massive sulphide sample to ensure the bowl is clean prior to the next sample being processed. A selection of this pulverised quartz flush material is then analysed and reported by the lab to gauge the potential level of contamination that may be carried through from one sample to the next. The RC samples are pulverised directly in the LM5 ring pulveriser with the same quartz flush procedure as above. Auger samples were dried and pulverised in LM5 bowels.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Sample preparation and assaying is being conducted through ALS Laboratories, Orange, NSW with certain final analysis of pulps being undertaken at the ALS Laboratory in Brisbane QLD. Gold is determined by 30g fire assay fusion with ICP-AES analysis to 1ppb LLD. Other elements by mixed acid digestion followed by ICP-AES analysis. Laboratory quality control standards (blanks, standards and duplicates) are inserted at a rate of 5 per 35 samples for ICP work. Auger samples were digested in an Aqua Regia digest with gold and other elements being determined through ICPMA and ICPOES techniques. The Aqua Regia digest will give a near total digest for gold, but will be a non-total digest for the majority of the other elements. The non-gold results need to, therefore, be reviewed in light of their relative abundances rather than total abundances.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> An internal review of results was undertaken by company personnel. No independent verification was undertaken at this stage. All field and laboratory data has been entered into an industry standard database using a contract database administrator (DBA) in the Company's Perth office. Validation of both the field and laboratory data is undertaken prior to final acceptance and reporting of the data. Quality control samples from both the Company and the Laboratory are assessed by the DBA and reported to the Company geologists for verification. All assay data must pass this data verification and quality control process before being reported.

Criteria	JORC Code explanation	Commentary
<i>Location of data points</i>	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. 	<ul style="list-style-type: none"> The drill collars were initially located with a combination of handheld GPS and licenced surveyor using a DGPS system, with accuracy of about 1m. The final drill collars are "picked up" by a licenced surveyor. While drilling is being undertaken, downhole surveys are conducted using an Eastman, Pathfinder survey tool that records the magnetic azimuth and dip of the hole. These recordings are taken approximately every 30 metres downhole. Where possible holes are also being surveyed with gyroscopic methods, with some 80 percent of holes drilled in the current program also surveyed by this method after drilling has been completed. A north seeking gyroscopic tool has been used to provide collar azimuth data for about half the diamond holes drilled to date.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> The diamond drilling is mostly following-up in various directions from previous intercepts with a nominal intercept spacing of no less than 25m. This drill hole spacing will be sufficient to provide certain Mineral Resource estimates in the future.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 	<ul style="list-style-type: none"> The drilling orientation is designed to intersect the mineralised lenses at a close to perpendicular angle. The mineralised lenses are dipping at approximately 50-70 degrees to the west and the drilling is approximately at 60 degrees to the east. This will vary from hole to hole.
<i>Sample security</i>	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Samples are being secured in green plastic bags and are being transported to the ALS laboratory in Orange, NSW via a courier service or with Company personnel.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> A review and assessment of the laboratory procedures was under taken by company personnel resulting in some changes to their sample pulverising procedure.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments 	<ul style="list-style-type: none"> The Woodlawn project is located 250km south-west of Sydney in the state of New South Wales. The area is near the top of the Great Australian Dividing range and has an elevation around 800m above sea-level. The mineral and mining rights to the project are owned 100% by the Company through the granted, special mining lease 20 (SML20). The lease completed its second 21 year term on the 16 November 2014 and the Company is in the final stages of documentation with the DRE for an

Criteria	JORC Code explanation	Commentary
	<i>to obtaining a licence to operate in the area.</i>	<p>extension of this term for a further 15 years. The Company is not aware of any reason why SML20 will not be renewed.</p> <ul style="list-style-type: none"> The project area is on private land owned by Veolia who operate a waste disposal facility that utilises the historical open-pit void. An agreement is in place with Veolia for the Company to purchase certain sections of this private land to facilitate future mining and processing activities. A cooperation agreement is also in place between Veolia and the Company that covers drilling and other exploration activities in the area.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> The Woodlawn deposit was discovered by the Jododex JV in 1970 and open-pit mining began in 1978 and continued through to 1987. The project was bought outright by Rio Tinto (CRA) in 1984 who completed the open-pit mining. Underground operations commenced in 1986 and the project was sold to Denehurst Ltd in 1987 who continued underground mining up until 1998. The mineral rights to the project were then acquired by TriAusMin Ltd in 1999 who conducted further studies on a tailings re-treatment and revived underground operation. Heron took 100% ownership of the project in August 2014 following the merger of the two companies. Some 980 surface and underground drill holes have been completed on the project to date and several studies undertaken.
<i>Geology</i>	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> The Woodlawn deposit comprises volcanogenic massive sulphide mineralisation consisting of stratabound lenses of pyrite, sphalerite, galena and chalcopyrite. The mineralisation is hosted in the Silurian aged Woodlawn Felsic Volcanic package of the Goulburn sub-basin on the eastern side of the Lachlan Fold Belt.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>dip and azimuth of the hole</i> <i>down hole length and interception depth</i> <i>hole length.</i> 	<ul style="list-style-type: none"> A table detailing the drill hole information is given in the body of the report.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> 	<ul style="list-style-type: none"> The reported assays are weighted for their assay interval width. The majority of the assay interval widths are 1 metre, but this weighting does take into account the non 1 metre intervals and weights the average assay results accordingly. For the results reported here no weighting was included for specific gravity (SG) measurements that have been taken for all sample intervals as the samples within the intervals are of a similar SG.

Criteria	JORC Code explanation	Commentary
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> 	<ul style="list-style-type: none"> • The massive sulphide zone intercepted in the drilling to date is at an angle to the drill axis and therefore the true width is estimated to be some 0.8 of down-hole width. That is, a down-hole intercept of 16m equates to a true width of 12m. This is only an approximation at this stage and will be better estimated as the orientation of the lenses is better defined.
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • A long-section showing the hole positions relevant for current phase of exploration is included in the release. Other maps and diagrams showing the location of the Woodlawn Project are included in other recent Company releases.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • The reporting is considered to be balanced and all relevant results have been disclosed for this current phase of exploration.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • There is no other substantive exploration data that has been generated for inclusion in this report. • The drill holes are being cased with either 40 or 50 millimetre PVC tubing for down-hole EM surveying and also down-hole gyroscopic surveying.
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> 	<ul style="list-style-type: none"> • The first phase drilling program at the Woodlawn Project is designed test the up-dip and down-dip extensions to a number of the known ore lenses. • This first phase program is now nearing completion and decision will be made as to what follow-up and in-fill drilling is required.