

SCHEME BOOKLET

**for a scheme of arrangement implementing the proposed merger
between**

**TriAusMin Limited
(ASX:TRO TSX:TOR)
and
Heron Resources Limited
(ASX:HRR)**



Your Directors unanimously recommend that, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders, you vote in favour of the Scheme.

The Notice of Scheme Meeting is set out in Annexure B to this Scheme Booklet. The Explanatory Memorandum and Management Information Circular (NI51-102) for Canadian law purposes are set out in Annexure C to this Scheme Booklet.

This document is important and requires your immediate attention. You should read the document before you decide whether to vote in favour of the Scheme. If you are in doubt as to what you should do, you should consult your legal, investment, taxation or other professional adviser.

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Important notices

This Scheme Booklet is for a Scheme of Arrangement implementing the proposed merger between TriAusMin Limited (TRO) and Heron Resources Limited (HRR).

Date of this Scheme Booklet

This Scheme Booklet is dated 6 June 2014.

Defined terms and interpretation

Capitalised terms used in this Scheme Booklet are defined in the Glossary at the end of this Scheme Booklet. The Glossary also sets out some rules of interpretation which apply to this Scheme Booklet. Within this Scheme Booklet, TriAusMin Limited is referred to as TRO or TriAusMin and Heron Resources Limited is referred to as HRR or Heron. TriAusMin's ASX trading symbol is "TRO" and its TSX trading symbol is "TOR". Heron's ASX trading symbol is "HRR".

Explanatory statement

This Scheme Booklet includes the explanatory statement for the Scheme required by Section 412(1) of Part 5.1 of the Corporations Act (Commonwealth of Australia). The purpose of this Scheme Booklet is to explain the terms of the Scheme and the manner in which it will be implemented (if approved) and to provide information material to your decision whether to vote in favour of the Scheme.

Status of Scheme Booklet

This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Section 708(17) of the *Corporations Act 2001* provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under section 411(1). Instead, shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

Read this document

This Scheme Booklet is important. You should carefully read this Scheme Booklet before making a decision about how to vote on the Scheme Resolution to be considered at the Scheme Meeting.

No investment advice

Other than the Independent Expert's Report, the information contained in this Scheme Booklet does not constitute financial product advice. The information in this Scheme Booklet has been prepared without reference to individual investment objectives, financial situation, taxation position or particular needs. It is important that you read this Scheme Booklet before making any decision, including a decision on whether or not to vote in favour of the Scheme. If you are in doubt as to what you should do, you should consult your legal, investment, taxation or other professional adviser.

Responsibility for information

The TRO Information has been prepared by TRO and is the responsibility of TRO. HRR is not responsible for any information contained in this Scheme Booklet other than the HRR Information.

The HRR Information has been prepared by HRR and is the responsibility of HRR. TRO is not responsible for any HRR Information contained in the Scheme Booklet.

Value Adviser Associates Pty Ltd has prepared, and is responsible for, the Independent Expert's Report contained in Annexure A of this Scheme Booklet. None of TRO, HRR, their respective Related Bodies Corporate or the directors, officers, employees or advisers of any of those entities assumes any responsibility for the accuracy or completeness of the Independent Expert's Report.

BDO East Coast Partnership has prepared, and is responsible for, the Compilation Report contained in Annexure G of this Scheme Booklet. None of TRO, HRR, their respective Related Bodies Corporate or the directors, officers, employees or advisers of any of those entities assumes any responsibility for the accuracy or completeness of the Compilation Report.

Role of ASIC, ASX, TSX and the Court

A copy of this Scheme Booklet has been given to the Australian Securities and Investments Commission (ASIC) in accordance with Section 411(2) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with Section 411(17)(b) of the Corporations Act, that ASIC has no objection to the

Scheme. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire Scheme process. Neither ASIC nor any of its officers take any responsibility for the contents of this Scheme Booklet. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers take any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been filed with TSX and on SEDAR and with applicable Canadian securities regulatory authorities. The Scheme has not been approved or disapproved by the TSX or any Canadian securities regulatory authority, nor has TSX or any Canadian securities regulatory authority passed on the fairness or merits of the Scheme or upon the accuracy or adequacy of the information contained in this Scheme Booklet and any representation to the contrary is unlawful. None of the TSX, the Canadian Securities Administrator, or any Canadian securities regulatory authority takes any responsibility for the contents of this Scheme Booklet.

Important notice associated with the Court order under Section 411(1) of the Corporations Act

A copy of this Scheme Booklet has been submitted to the Court to obtain an order of the Court approving the convening of the Notice of Scheme Meeting.

The fact that under Section 411(1) of the Corporations Act the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- (a) has formed any view as to the merits of the proposed Scheme or as to how you should vote (on this matter, you must reach your own decision); or
- (b) has prepared, or is responsible for the content of, the explanatory statement.

Notice to TRO Shareholders in jurisdictions outside Australia and Canada

This Scheme Booklet complies with Australian and Canadian disclosure requirements, and Australian and Canadian accounting standards. These disclosure requirements and accounting standards may be different to those in other countries.

Restrictions in certain jurisdictions outside Australia and its external territories, and Canada may make it impractical or unlawful for New HRR Shares to be issued under the Scheme to, or received under the Scheme by, TRO Shareholders in those jurisdictions.

TRO Shareholders recorded on the Register as having an address within Australia and its external territories, New Zealand, Canada, United States of America (subject to the requirements of any applicable state securities laws), United Kingdom, Hong Kong (provided that (i) the TRO Shareholder is a "professional investor" (as defined in the Securities and Futures Ordinance of Hong Kong) and/or (ii) the number of non-professional investors in Hong Kong does not exceed 50) or Switzerland will be entitled to have New HRR Shares issued to them pursuant to the Scheme. TRO Shareholders recorded on the Register as having an address outside the abovementioned jurisdictions should refer to Section 5.2 for more information.

This Scheme Booklet and the Scheme do not constitute an offer of securities in any place in which, or to any person whom, it would not be lawful to make such an offer.

Notice to TRO Shareholders in New Zealand

This Scheme Booklet is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (or any other relevant New Zealand law). This Scheme Booklet may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain. Securities are offered to the public in New Zealand under this Scheme Booklet in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

Notice to TRO Shareholders in the United States of America

The solicitation of proxies made pursuant to this Scheme Booklet is not subject to the requirements of Section 14(a) of the US Securities and Exchange Act of 1934 (as amended) (**US Exchange Act**). Accordingly, this Scheme Booklet has been prepared in accordance with disclosure requirements applicable in Australia and Canada. TRO Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the US Securities Act of 1933 (as amended) (**US Securities Act**) and to proxy statements under the US Exchange Act.

The financial information relating to TRO included or incorporated by reference in this Scheme Booklet has been prepared in accordance with IFRS and is subject to Australian and Canadian auditing and auditor independence standards and thus may not be comparable to financial statements of United States companies.

The financial information including pro-forma financial information relating to HRR included or incorporated by reference in this Scheme Booklet has been prepared in accordance with IFRS and is subject to Australian auditing and auditor independence standards and thus may not be comparable to financial statements of United States companies.

TRO Shareholders who are resident in, or citizens of, the United States are advised to consult their own tax advisers to determine the particular United States tax consequences to them of the Scheme in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction.

Exemption from United States registration requirements

The New HRR Shares to be issued under the Scheme have not been and will not be registered under the US Securities Act or the securities laws of any US state or other jurisdiction. The Scheme is not being made in any US state or other jurisdiction where it is not legally permitted to do so.

HRR and TRO intend to rely on an exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof in connection with the implementation of the Scheme and the issue of New HRR Shares and intend to rely on any exemptions from registration under applicable state securities laws. Approval of the Scheme by the Court will be relied upon by HRR and TRO and will constitute the basis for the New HRR Shares to be issued without registration under the US Securities Act in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10).

US Shareholders should note that the Scheme is made for the securities of an Australian company in accordance with the laws of Australia and Canada and the listing rules of the Australian Securities Exchange and Toronto Stock Exchange. The Scheme is subject to disclosure requirements of Australia that are different from those of the United States.

You should be aware that, subject to Australian law, HRR may purchase securities otherwise than under the Scheme, such as in open market or privately negotiated purchases.

THIS SCHEME BOOKLET HAS NOT BEEN PREPARED IN ACCORDANCE WITH UNITED STATES SECURITIES LAWS AND REGULATIONS OR FILED WITH OR REVIEWED BY THE US SECURITIES AND EXCHANGE COMMISSION (SEC) OR ANY US STATE SECURITIES AUTHORITIES. NONE OF THE SEC, ANY US STATE SECURITIES AUTHORITIES OR ANY OTHER US REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THE SECURITIES ISSUABLE IN CONNECTION WITH THE SCHEME NOR HAVE ANY OF THEM PASSED UPON OR ENDORSED THE MERITS OF THE SCHEME OR THE ACCURACY, ADEQUACY OR COMPLETENESS OF THIS SCHEME BOOKLET. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The enforcement by investors of civil liabilities and other rights under the United States federal securities laws may be affected adversely by the fact that TRO and HRR are incorporated or organised outside the United States, that some or all of their respective officers and directors and the experts named in this Scheme Booklet are residents of a foreign country, and that all or a substantial portion of the assets of TRO and HRR and said persons are located outside the United States. As a result, it may be difficult or impossible for United States Shareholders to effect service of process within the United States upon TRO or HRR, their respective officers or directors or the experts named in this Scheme Booklet, or to realise against them upon judgments of courts of the United States predicated upon civil liabilities or other rights under the federal securities laws of the United States or "blue sky" laws of any state within the United States. It may also be difficult to compel HRR or TRO, their respective officers or directors or the experts named in this Scheme Booklet to subject themselves to a US court's judgment. In addition, United States Shareholders should not assume that the courts of Canada or Australia: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities or other rights under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

Notice to TRO Shareholders in the United Kingdom

Neither the information in this Scheme Booklet nor any other document relating to the offer of New HRR Shares has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no

prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the New HRR Shares.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue of the New HRR Shares has only been communicated, and will only be communicated, in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to TRO. In the United Kingdom, this Scheme Booklet is being distributed only to, and is directed at, persons to whom it may lawfully be distributed or directed within the circumstances described in Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and/or any other persons to whom it may lawfully be communicated (all such persons being referred to as **Relevant Persons**).

The investments to which this Scheme Booklet relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Scheme Booklet or any of its contents.

Notice to TRO Shareholders in Hong Kong

WARNING - The contents of this Scheme Booklet have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Scheme Booklet, you should obtain independent professional advice.

This Scheme Booklet does not constitute an offer or invitation to the public in Hong Kong to acquire or subscribe for or dispose of any securities. This Scheme Booklet also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this Scheme Booklet in Hong Kong, other than to persons who are "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and no person may issue or have in its possession for the purposes of issue, this Scheme Booklet or any advertisement, invitation or document relating to securities, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such advertisement, invitation or document relating to securities that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder.

Copies of this Scheme Booklet may be issued to a limited number of persons in Hong Kong in a manner which does not constitute any issue, circulation or distribution of this Scheme Booklet, or any offer or an invitation in respect of securities, to the public in Hong Kong. This Scheme Booklet is for the exclusive use of TRO Shareholders in connection with the Scheme, and no steps have been taken to register or seek authorisation for the issue of this Scheme Booklet in Hong Kong. Only the person to whom a copy of this Scheme Booklet has been issued may take action in response to this Scheme Booklet. The offer of securities is personal to the person to whom this Scheme Booklet has been delivered, and a subscription for securities will only be accepted from such person.

This Scheme Booklet is confidential to the person to whom it is addressed and no person to whom a copy of this Scheme Booklet is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this Scheme Booklet to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with the consideration of the Scheme by the person to whom this Scheme Booklet is addressed.

Notice to TRO Shareholders in Switzerland

The New HRR Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland. This Scheme Booklet has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Scheme Booklet nor any other offering or marketing material relating to the New HRR Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Scheme Booklet nor any other offering or marketing material relating to the New HRR Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Scheme Booklet will not be filed with, and the offer of New HRR Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA), and the offer of Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (**CISA**). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of New HRR Shares.

This Scheme Booklet is personal to the recipient only and not for general circulation in Switzerland.

Forward looking statements

Certain statements in this Scheme Booklet are about future matters or forward looking statements. These forward looking statements and information, including statements and information relating to the Merged Entity and the transactions contemplated by the Scheme Implementation Agreement, are not based solely on historical facts, but rather reflect the current expectations of TRO or, in relation to the HRR Information, HRR, concerning future results and events. These statements may sometimes be identified by the use of forward looking words or phrases such as if, when, believe, aim, will, expect, anticipate, intend, foresee, likely, should, could, plan, may, estimate, budget, forecast, envisage, target, potential or other similar words or phrases. Similarly, statements that describe TRO's or HRR's objectives, plans, goals or expectations, estimates of Ore Reserves and Mineral Resources, and future costs are or may be forward looking statements.

Forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performances or achievements of TRO, HRR or the Merged Entity to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on assumptions regarding present and future business strategies and the environment in which TRO, HRR and the Merged Entity will operate in the future, including the price of traded metal, anticipated costs and ability to achieve goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward looking statements include, among others, traded metal price volatility, discrepancies between actual and estimated production, Ore Reserves and Mineral Resources and metallurgical recoveries, mining operational and development risk, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities (including changes in taxation), currency fluctuations, the speculative nature of traded metal exploration, the global economic climate, dilution, share price volatility, competition, loss of key employees, additional funding requirements and defective title to mineral titles or property. See Section 10 for a discussion of potential risk factors underlying, and other information relevant to, the forward looking statements and information. Forward looking statements and information should, therefore, be construed in light of such risk factors and undue reliance should not be placed on them.

You should note that the historical performance of TRO and HRR is no assurance of their or the Merged Entity's future financial performance. Neither TRO, HRR or their respective directors, nor any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements and information in this Scheme Booklet will actually occur and you are cautioned not to place undue reliance on such forward looking statements.

The forward looking statements and information in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under law or the TSX and ASX Listing Rules, TRO, HRR and their respective directors disclaim any obligation or undertaking to disseminate after the date of this Scheme Booklet any updates or revisions to any forward looking statements and information to reflect any change in expectations in relation to them or any change in the events, conditions or circumstances on which they are based.

Ore Reserves and Mineral Resources

TRO's and HRR's disclosure of Ore Reserve and Mineral Resource information to ASX is governed by the reporting requirements of the JORC Code. TRO's disclosure of Ore Reserve and Mineral Resource information to TSX is governed by National Instrument (NI 43-101) and CIM Standards.

There can be no assurance that those portions of Mineral Resources that are not Ore Reserves will ultimately be converted into Ore Reserves. Mineral Resources which are not Ore Reserves do not have demonstrated economic viability.

Cautionary note to US Shareholders concerning estimates of Ore Reserves and Mineral Resources

This Scheme Booklet uses the terms "Proven Ore Reserve", "Probable Ore Reserve", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource". US Shareholders are advised that while such terms are recognised and/or required by Canadian and Australian standards or regulations, the SEC does not recognise them. In particular, and without limiting the generality of this cautionary note, the term "Mineral Resource" does not equate to the term "Ore Reserve". This Scheme Booklet also uses the terms "Probable Ore Reserves" and "Proven Ore Reserves" as such terms are used under NI 43-101, CIM Standards and the JORC Code. The standards of the NI 43-101, CIM Standards and the JORC Code differ from the standards that apply under Industry Guide 7 of the US Securities and Exchange Commission that governs disclosures of mineral reserves in registration statements filed with the SEC. Industry Guide 7 does not recognise classifications other than proven and probable reserves and the SEC does not permit mining companies to disclose mineral resources in SEC filings. In addition, under US standards, mineralisation may not be classified as a "Mineral Reserve" unless the determination has been made that the mineralisation could be economically and legally produced or extracted at the time the reserve determination is made. As such, certain information contained in this Scheme Booklet concerning descriptions of mineralisation, resources and reserves under NI 43-101, CIM Standards and the JORC Code are not comparable to disclosures made by US reporting companies. "Inferred Ore Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of a Probable Ore Reserve, Measured Mineral Resource, Indicated Mineral Resource or an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian and Australian rules and/or standards, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. **United States investors are cautioned not to assume that all or any part of Measured, Indicated or Inferred Mineral Resources will ever be converted into Ore Reserves or that Ore Reserves disclosed herein would comprise Mineral Reserves under United States standards. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.**

Disclosure of "contained ounces, pounds, tonnes" is permitted disclosure under Canadian and Australian regulations, however, the SEC normally only permits issuers to report mineralisation that does not constitute reserve as in place tonnage and grade without reference to unit measures.

Implied value

Any reference to the implied value of the Scheme Consideration should not be taken as an indication that TRO Shareholders will receive cash. The implied value of the Scheme Consideration is not fixed. As TRO Shareholders are being offered New HRR Shares as consideration for their TRO Shares under the Scheme, the implied value of the Scheme Consideration will vary with the market price of HRR Shares. This also applies to Ineligible Foreign Shareholders whose Scheme Consideration will be remitted to the Ineligible Foreign Shareholder Nominee to sell on the Ineligible Foreign Shareholders' behalf. Any cash remitted to Ineligible Foreign Shareholders will depend on the market price of HRR Shares at the time of sale by the Ineligible Foreign Shareholder Nominee.

Calculating Scheme Consideration premium and share price comparisons

Comparisons of HRR and TRO closing prices and VWAPs are used in this Scheme Booklet to illustrate the premium that the Scheme Consideration represents over the price of TRO Shares on the date, or over the VWAP period, in respect of which the comparison is made. These comparisons have been presented such that where a closing price on a particular date is used for HRR Shares, the closing price for the same date is also used for TRO Shares, and where the VWAP over a particular period is used for HRR Shares, the VWAP over the same period is also used for TRO Shares.

Australian and Canadian tax implications of the Scheme

Section 9 of this Scheme Booklet provides a general outline of the Australian and Canadian income tax consequences for TRO Shareholders who dispose of their TRO Shares to HRR in accordance with the Scheme. It does not purport to be a complete analysis or to identify all potential tax consequences nor is it intended to replace the need for specialist tax advice in respect of the particular circumstances of individual TRO Shareholders.

TRO Shareholders who are subject to taxation outside Australia should also consult their tax adviser as to the applicable tax consequences of the Scheme in the relevant jurisdiction.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet, including but not limited to those in respect of the Scheme Consideration, are subject to the

effect of rounding (unless otherwise stated). Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet, and any discrepancies in any table between totals and sums of amounts listed in that table or to previously published figures are due to rounding.

Currency

All references in this Scheme Booklet to:

- “\$”, “A\$”, “AUD”, “Australian dollars” and “cents” are to Australian currency.
- “C\$”, “CAD” and “Canadian dollars” and “Canadian cents” are to Canadian currency.
- “US\$”, “USD” and “US dollars” and “US cents” are to United States currency.

Privacy and personal information

TRO and HRR will need to collect personal information to implement the Scheme. The personal information may include the names, contact details and details of shareholdings of TRO Shareholders together with contact details of individuals appointed by TRO Shareholders as proxies, body corporate representatives or attorneys at the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

TRO Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them and may contact the Australian Registrar or Canadian Registrar if they wish to exercise those rights.

The information may be disclosed to print and mail service providers, and to TRO and HRR and their respective advisors and agents to the extent necessary to effect the Scheme. If the information outlined above is not collected, TRO may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme effectively, or at all.

TRO Shareholders who appoint an individual as their proxy, body corporate representative or attorney to vote at the Scheme Meeting should inform that individual of the matters outlined above.

Persons are entitled, under Section 173 of the Corporations Act, to inspect and copy the Register. The Register contains personal information about TRO Shareholders.

IF YOU HAVE ANY QUESTIONS IN RELATION TO THE SCHEME OR THE SCHEME MEETING PLEASE CONTACT THE TRO SHAREHOLDER INFORMATION LINE:

- (i) IN CANADA BY TELEPHONE: +1 905 727 8688.
- (ii) INTERNATIONAL CALLERS BY TELEPHONE: +61 2 9299 7800.
- (iii) IN AUSTRALIA BY TELEPHONE: (02) 9299 7800
- (iv) BY EMAIL AT: inquire@triasmin.com,

OR CONSULT YOUR LEGAL, INVESTMENT, TAXATION OR OTHER PROFESSIONAL ADVISER.

A COPY OF THIS SCHEME BOOKLET CAN BE FOUND ON TRO'S WEBSITE AT www.triasmin.com, UNDER TRO'S PROFILE ON SEDAR AT www.sedar.com AND ASX AT www.asx.com.au. TRO TRADES ON THE ASX UNDER THE SYMBOL “TRO” AND ON THE TSX UNDER THE SYMBOL “TOR”.

Letter from the Chairman of TRO

Dear Fellow Shareholders,

TriAusMin has established itself as a company with the asset base which has the potential to develop into a profitable producing mining company. Our flagship Woodlawn Project hosts both an 11.2 million tonne tailings deposit containing base and precious metals, and a high-grade underground deposit with significant JORC compliant measured and indicated resources. Established infrastructure is in place on the property to support the recommencement of production should the economics of doing so be established. These deposits contain zinc, copper and lead, as well as silver and gold,^[1] commodities which your Board believes will continue to be in demand well into the future should global economic growth continue.

Over the past three years, significant progress has been made toward realizing the potential of the Woodlawn Tailings Retreatment Project (WRP) and the Woodlawn Underground Project (WUP). Extensions to the WUP resources have been discovered, a positive feasibility study has been completed for the WRP and environmental permitting for both Projects has been received. Woodlawn has the advantages of being located in politically stable Australia, having existing road access, and both power and water at site. Located only 250km from Sydney and 50km from Canberra, Woodlawn also benefits from ready access to goods and services as well as a skilled, local labour force, which eliminates the need for expensive camp facility construction and ensures that high quality engineering and operating personnel will desire work at the site.

The global marketplace for raising risk capital for the mining industry over the last 2-3 years has been challenging to say the least. Falling metal prices and diminished investor interest in the mineral resource sector has made it difficult for TriAusMin to raise the funds necessary to pursue the development of the Woodlawn assets. The proposed transaction with Heron will result in the necessary capital being available to pursue the advancement of the Woodlawn assets.^[2]

During the period May 2013 to February 2014 a considerable effort was made to identify investors prepared to finance the work necessary to complete a feasibility study for the WUP. These discussions did not result in any financing proposals which would achieve this objective. Considerable interest was however shown in providing development capital for Woodlawn once the WUP feasibility study was completed, as the potential of Woodlawn was recognized by a number of investors.

In January 2014, discussions related to a potential partnership with Heron, which had in mid-2013, expressed an interest in a possible takeover of TriAusMin, were re-initiated which ultimately resulted in the negotiation of the currently proposed transaction. Heron is an Australian exploration company listed on the ASX which had, at 31 March 2014, cash and marketable securities of approximately A\$38.6 million and no debt. In addition, Heron has a portfolio of exploration projects, including significant nickel assets, and a depth of management experience in the mining industry which complements the portfolio of exploration properties and management depth of TriAusMin.

The key drivers of the proposed transaction are that TriAusMin has an asset, Woodlawn, which can be advanced to the production decision stage in the near term but has insufficient cash to advance it, whereas Heron has the necessary cash but does not have a leading project of the stature of Woodlawn. The combination of these two companies will allow the advancement of the Woodlawn assets to be pursued in the near term.

The proposed transaction with Heron, if implemented, will result in TriAusMin Shareholders receiving 1 Heron Share for every 2.33 TriAusMin Shares held by them.^[3] Upon implementation of the Scheme, current TriAusMin Shareholders will hold approximately 30% of the issued capital of Heron. The Merged Entity will own all the assets of TriAusMin (TriAusMin will be a wholly-owned Subsidiary of Heron), the existing mining assets of Heron and the working capital of Heron which is estimated at approximately \$35.2 million as at 31 March 2014. Your Board believes that the Merged Entity will be a financially strong company with a path toward achieving producer status in the near term under the direction of TriAusMin's CEO and Managing Director Wayne Taylor.

In evaluating the merits of the proposed transaction your Board of Directors took into consideration the asset base of Heron (including its working capital), the fact that TriAusMin, absent a near term equity injection, did not have the financial capacity to pursue its 2014 business plan, the apparent absence of alternative

^[1] Refer to Section 6.8 – statement of Mineral Resources and Ore Reserves.

^[2] See Section 8.2 for further information about HRR's post-Scheme intentions in relation to TRO/Merged Entity.

^[3] Unless you are an Ineligible Foreign Shareholder, in which case you will receive the net proceeds of the sale (in cash) of your relevant entitlement to HRR Shares. See Section 5.2(b).

financing available to TriAusMin, as well as the premium that the implied value of the Scheme Consideration (based on the 7 March 2014 closing price of Heron shares on the ASX, being the last ASX trading day before the Announcement Date) represented to the then share price of TriAusMin shares and the Heron share price relative to its cash on hand.

Heron's stated intention to pursue the development of the Woodlawn assets as its primary focus if the Scheme is implemented⁴⁾ together with the cash resources of Heron, which the TriAusMin Board believes will provide the necessary funding to advance Woodlawn to the production decision stage, are key factors in your Board recommending approval of the proposed transaction.

For these reasons (including those in Sections 1.1 and 5.5), in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders, your Board of Directors is recommending that TriAusMin Shareholders cast their votes in favour of the Scheme.

In support of your Board of Directors' recommendation is an Independent Expert's Report prepared by Value Adviser Associates Pty Ltd, which has expressed its opinion that the proposed Scheme is in the best interests of TriAusMin Shareholders. I ask that you read this Independent Expert's Report carefully prior to deciding how you wish to vote on the proposed Scheme.

This Scheme Booklet provides details of the proposed transaction, including details as to how you may exercise your rights as a Shareholder to vote on the Scheme at the Scheme Meeting to be held on 28 July 2014. Please read the materials contained in this Scheme Booklet carefully (including information about the possible advantages, disadvantages and risk factors associated with the Scheme) and, importantly, exercise your right to vote your Shares as you deem appropriate.

Should you have any questions regarding the materials provided in the Scheme Booklet please contact the TRO Shareholder Information Line on the contact details provided on pages 6 and 7 of this Scheme Booklet, or consult your legal, investment, taxation or other professional adviser.

The members of your Board of Directors are all Shareholders of TriAusMin and, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders, they intend to vote their Shares in favour of the proposed Scheme. As your Chairman, I believe that this transaction is in the best interest of TriAusMin Shareholders and, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders, I recommend that you vote your Shares in favour of the Scheme. With your support of the Scheme, I look forward to contributing to the future growth of the combined Heron-TriAusMin company as Woodlawn moves towards production.



James W. Gill
Chairman

⁴⁾ See Section 8.2(a).

Important dates and times for the Scheme¹

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| Date for determining who must be provided with the Scheme Booklet and Voting Instruction Form (Notice Record Date) | 20 June 2014 |
| Time for determining eligibility to vote at the Scheme Meeting (Voting Record Date) | 2.00pm, 26 July 2014 |
| Latest time and date for lodgement of completed proxy form for the Scheme Meeting | 2.00pm, 26 July 2014 |
| Time and date of the Scheme Meeting | 2.00pm (Sydney time), 28 July 2014 |
| Court hearing for approval of the Scheme | 4 August 2014 |
| Effective Date of the Scheme and last day of trading of the TRO Shares on ASX | 5 August 2014 |
| Last date of trading of the TRO (TOR) Shares on TSX | 5 August 2014 (Toronto time) |
| New HRR Shares commence trading on ASX on a deferred settlement basis | 6 August 2014 |
| Record Date for determining entitlements to the Scheme Consideration (Record Date) | 12 August 2014 |
| Implementation Date for the Scheme and issue of the Scheme Consideration Dispatch of statements confirming the allotment of New HRR Shares Last day of deferred settlement trading for New HRR Shares | 19 August 2014 |
| New HRR Shares commence trading on normal settlement basis on ASX and TSX (subject to ASX and TSX approval) | 20 August 2014 |

¹ All stated dates and times are the times in Sydney, New South Wales, Australia unless otherwise indicated and are indicative only. The actual timetable will depend on many factors outside the control of TRO, including the Court approval process, regulatory approvals and the satisfaction or waiver of the conditions precedent to the completion of the Scheme by each of TRO and HRR. Any changes to the above timetable will be announced to ASX and TSX and will be available under TRO's profile on ASX at www.asx.com.au and on SEDAR at www.sedar.com (trading symbol on TSX is "TOR").

1. Reasons to vote in favour of or against the Scheme

Set out below is a summary of some of the reasons why the TRO Board considers that you should vote in favour of the Scheme. These are addressed in more detail in Section 5.5. Also set out below is a summary of some of the reasons why you may decide to vote against the Scheme. These are addressed in more detail in Section 5.6. You should read the entire Scheme Booklet before deciding whether or not to vote in favour of the Scheme.

While your Directors acknowledge that there are reasons to vote against the Scheme, they believe the advantages of the Scheme significantly outweigh the disadvantages.

1.1 Reasons to vote in favour of the Scheme

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| ✓ | Your Directors recommend the Scheme | Having considered the many factors (including the absence of alternative financing) both for and against the Scheme, your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders. |
| ✓ | The Independent Expert has concluded that the Scheme is fair and reasonable and in your best interests | The Independent Expert has concluded that in the absence of a Superior Proposal, the Scheme is fair and reasonable and in the best interests of TRO Shareholders. The Independent Expert's Report is set out in Annexure A of this Scheme Booklet. |
| ✓ | The implied value of the Scheme Consideration represents a premium over the pre-announcement trading prices of TRO Shares | Based on the 7 March 2014 closing price of HRR Shares on ASX (the last ASX trading day before the announcement that TRO and HRR had entered into the Scheme Implementation Agreement) of A\$0.145, the implied value of the Scheme Consideration was A\$0.062 per TRO Share. This implied value represents: <ul style="list-style-type: none"> • A 48% premium to TRO's 30-day VWAP (ending on, and including, 7 March 2014) on the ASX. • A 53% premium to TRO's 30-day VWAP (ending on, and including, 7 March 2014) on the TSX (TOR).² The implied value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the HRR Share price. The HRR Share price as at 30 May 2014 is A\$0.115. See Section 7.11 for more information about the recent performance of HRR's Share price. The C\$ value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the A\$/C\$ exchange rate. |
| ✓ | The Scheme is supported by TRO's major shareholders | TRO's Chairman (Dr James Gill) and Tri Origin Exploration Limited, being TRO Shareholders holding 26.4% of its issued capital as at the date of this Scheme Booklet, have indicated their intention to vote, or caused to be voted, the TRO Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders. |

² Applying the daily C\$ to A\$ exchange rate during that period which varied between 0.996 to 1.041.

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| ✓ | TRO requires access to funds to maintain its business activities | TRO's cash balance as at 31 March 2014 was A\$1.57 million and would necessitate acquiring access to further funding sources to maintain its business activities in the short term and meet expenditure obligations related to keeping TRO's mineral exploration tenements in good standing. If the Scheme is implemented, the Merged Entity should have funds, based on the cash balance of HRR as at 31 March 2014, ³ to undertake further studies to investigate the feasibility of pursuing the advancement of the Woodlawn Project. |
| ✓ | You have the opportunity to receive New HRR Shares and participate in the future performance of the Merged Entity including the advancement of the Woodlawn Project | <p>Your Directors believe that ownership of New HRR Shares will provide you with a number of benefits, including:</p> <ul style="list-style-type: none"> • Enhanced financial capacity - the Merged Entity had cash and cash equivalents of approximately A\$35.2 million and listed investments of approximately A\$5.1 million as at 31 March 2014.⁴ As stated in Section 8.3(a), HRR intends to pursue the development of the Woodlawn assets as its primary focus with spending on the Woodlawn Project over the twelve months following implementation of the Scheme likely to exceed A\$10 million. • Significant Ore Reserve and Mineral Resource base of the Merged Entity. • Experienced management team - combined and complementary management and technical personnel with extensive exploration, mine development, operating and financial expertise. |
| ✓ | HRR intends to obtain TSX listing | <p>An application has been made to list HRR and the New HRR Shares on TSX, so that, if such listing is obtained (which is subject to the approval of TSX), North American shareholders can benefit from being able to trade their HRR Shares on a North American Market, and the Merged Entity can maintain and develop relationships with investors in those markets. There is no guarantee that TSX listing will be obtained.</p> <p>Please refer to Section 2.10 for further information regarding ASX and TSX listings of HRR post-implementation of the Scheme.</p> |
| ✓ | If the Scheme is not implemented and no alternative proposal emerges, the TRO Share price may return to pre-Scheme announcement levels | <p>If the Scheme is not implemented and no alternative proposal emerges, TRO will remain an independent company and will continue to explore and advance the Woodlawn Project, subject to it being able to raise the necessary funds to do so.</p> <p>As a result it is possible that TRO's Share price will return to pre-Scheme levels, however it is difficult to predict the TRO Share price movement with any certainty.</p> |
| ✓ | Eligible TRO Shareholders who are Australian residents for taxation purposes | Eligible TRO Shareholders who are Australian residents for tax purposes and who would otherwise realise a |

³ According to HRR's unaudited financial statements as at 31 March 2014.

⁴ According to HRR's unaudited financial statements as at 31 March 2014.

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| | who receive New HRR Shares should generally be able to obtain CGT scrip-for-scrip roll-over relief on any capital gains they would otherwise make on the disposal of their TRO Shares | capital gain on the disposal of their TRO Shares in return for New HRR Shares under the Scheme should generally be able to obtain CGT scrip-for-scrip roll-over relief. TRO Shareholders should refer to Section 9 for further details in relation to Australian tax considerations. |
| ✓ | Eligible Holders for Canadian tax purposes who receive New HRR Shares may be able to obtain a full or partial tax deferral | Eligible Holders for Canadian tax purposes who receive New HRR Shares in exchange for their TRO Shares may be able to obtain a full or partial tax deferral in respect of the disposition of their TRO Shares under the Scheme. Further details in relation to Canadian tax considerations can be found in Section 9. |
| ✓ | TRO Shareholders (other than Ineligible Foreign Shareholders) will not be required to pay any brokerage costs | TRO Shareholders (other than Ineligible Foreign Shareholders) will not be required to pay any brokerage costs in connection with the disposal of their TRO Shares under the Scheme. However, if you sell your TRO Shares on-market on ASX or TSX, you may incur such costs. |

1.2 Reasons to vote against the Scheme

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| x | You may disagree with your Directors' unanimous recommendation or the Independent Expert's conclusion | <p>Potential disadvantages of the Scheme include:</p> <ul style="list-style-type: none"> • Exposure to a number of risks from HRR's operations to which TRO is not currently exposed, such as Queensland and Western Australia state mining laws. • There may be an opportunity for enhanced value by TRO remaining as an independent company. • Uncertainty in the exact value of the Scheme Consideration on implementation of the Scheme. <p>For these (or other) reasons you may not agree with the Directors' unanimous recommendation or the Independent Expert's conclusion.</p> |
| x | The Merged Entity will be subject to a number of risks to which TRO is not currently exposed | <p>If the Scheme becomes Effective, Scheme Participants (other than Ineligible Foreign Shareholders) will be issued New HRR Shares. TRO Shareholders who receive and retain New HRR Shares under the Scheme may be subject to certain new or expanded risks as a result of an increased property portfolio including areas outside of NSW. These may include the following:</p> <ul style="list-style-type: none"> • Future changes to State regulations which may impact on mining approval processes. • Difficulty in transferring or maintaining property tenure. • Land-use conflicts with other stakeholders in an immediate project area. <p>Further details of these risks can be found in Section 10.</p> |
| x | You may not want to change your current investment profile | The operational profile, capital structure, size and geographic exposure of the Merged Entity will be different from that of TRO on a stand-alone basis. |

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| x | You may prefer TRO to be exposed to the opportunity for increased value from remaining as an independent company | <p>TRO had a market capitalisation of A\$11.8 million as at 7 March 2014.</p> <p>You may believe that TRO will continue to grow and TRO Shareholders will have the opportunity for greater returns over the long term by continued investment in TRO as an independent company.</p> |
| x | A Superior Proposal for TRO, may materialise in the future, if it were to continue as an independent company | <p>It is possible that, if TRO were to continue as an independent company, a Superior Proposal for TRO which is more attractive for TRO Shareholders may materialise in the future.</p> <p>Until the Scheme becomes Effective, there is nothing preventing other parties from making unsolicited Competing Proposals for TRO.</p> <p>If an unsolicited Competing Proposal is received and the TRO Board determines, acting in good faith and reasonably in order to satisfy their fiduciary and statutory duties (and after having received written advice from their financial and legal advisers), is, or is likely to result in, a Superior Proposal, and the TRO Board wishes to change, qualify or withdraw its recommendation that Shareholders approve the Scheme, TRO must first provide HRR with all material terms of the Competing Proposal and HRR has 5 Business Days within which to propose a variation to the Scheme so that the Competing Proposal received would no longer be a Superior Proposal.</p> <p>If any Competing Proposal emerges, your Directors will keep you informed of any material developments.</p> <p>Further details relating to Competing Proposals and Superior Proposals are set out in Section 5.3 and Annexure F of this Scheme Booklet.</p> |
| x | The exact value of the Scheme Consideration upon implementation of the Scheme is not certain | <p>The exact value of the Scheme Consideration that would be realised by Scheme Participants upon implementation of the Scheme is not certain because it is dependent on the price at which HRR Shares trade on the ASX and the TSX (subject to listing approval) at the Implementation Date.</p> <p>The HRR Share price as at 30 May 2014 is A\$0.115. See Section 7.11 for more information about the recent performance of HRR's Share price.</p> |
| x | If you are an Ineligible Foreign Shareholder, your New HRR Shares will be issued to the Ineligible Foreign Shareholder Nominee to be sold, which may result in a tax liability | <p>If the Scheme becomes Effective, HRR will issue the New HRR Shares to which Ineligible Foreign Shareholders would otherwise have been entitled, to the Ineligible Foreign Shareholder Nominee who will then sell those New HRR Shares on the market and remit the proceeds (net of applicable brokerage, stamp duty and other costs, taxes and charges) to the Ineligible Foreign Shareholders. The sale of those New HRR Shares may result in a tax liability for the Ineligible Foreign Shareholders.</p> |

2. Summary of the Scheme

2.1 Introduction

This summary identifies key features of the Scheme but must be read in conjunction with the additional detailed information for TRO Shareholders set out in this Scheme Booklet. You are urged to read this Scheme Booklet in its entirety.

On 10 March 2014, TRO and HRR announced to the ASX and the TSX that they had entered into a Scheme Implementation Agreement under which, subject to the satisfaction or waiver, as applicable, of defined conditions, HRR will acquire all of the TRO Shares through a scheme of arrangement in consideration of 1 New HRR Share for every 2.33 TRO Shares (with fractional entitlements rounded down to the nearest whole number of HRR Shares). The Scheme values the equity in TRO at approximately A\$15.6 million based on the 7 March 2014 closing price of HRR Shares on ASX of A\$0.145 (the last trading day before the Announcement Date).

If the Scheme is approved by the Requisite Majority of TRO Shareholders and by the Court, and if all other conditions to the Scheme are satisfied or waived (as applicable), all TRO Shares will be transferred to HRR with effect from the Implementation Date and without the need for any further act by the TRO Shareholders (other than acts required to be performed by TRO, its directors or officers, as attorney or agent for the TRO Shareholders). From the Implementation Date, TRO will become a wholly-owned Subsidiary of HRR. TRO Shares are expected to be delisted from TSX approximately five Business Days prior to the Record Date and from ASX shortly after the Implementation Date. Please refer to Section 2.10 for further information regarding the ASX and TSX listings of HRR Shares following implementation of the Scheme.

It is a condition (amongst others) of the Scheme becoming Effective that each TRO Option holder enters into a deed under which they agree to cancel their TRO Options in consideration for the issue of the Cancellation Consideration to that TRO Option holder. The Cancellation Consideration that TRO Option holders will be entitled to is 1 HRR Option for every 2.33 TRO Options cancelled. The terms of each HRR Option granted as the Cancellation Consideration will be the same as the terms of the relevant cancelled TRO Option, except that the exercise price for the HRR Option will be adjusted by multiplying the exercise price of the cancelled TRO Option by 2.33 (rounded to the nearest whole cent). For example, if the exercise price for 1 TRO Option is \$0.10, the exercise price for 1 HRR Option granted as the Cancellation Consideration for that TRO Option will be \$0.23. Further details regarding the TRO Options are set out in Section 6.13.

A summary of the Scheme Implementation Agreement is set out in Annexure F of this Scheme Booklet.

2.2 Background to the Scheme

The terms of the Scheme are the result of extensive arm's length negotiations conducted between HRR and TRO and their respective legal and financial advisers. The following is a summary of the background leading to the finalisation of the terms of the Scheme.

TRO is a dual-listed ASX and TSX mineral resources exploration company based in Sydney focused on the Lachlan Fold Belt of New South Wales, whose major asset is a 100% interest in the Woodlawn Project which hosts the Woodlawn base metals deposits. The Woodlawn deposits consist of the Woodlawn Tailings Retreatment Project Ore Reserves and the high grade Woodlawn Underground Project Resources.

HRR is an ASX-listed mineral resources exploration company headquartered in West Perth, Western Australia. HRR had a market capitalisation of A\$36.7 million as at 7 March 2014 and as at 31 March 2014 held cash of A\$33.6 million and listed investments totalling A\$5.1 million. HRR's key asset is the Kalgoorlie Nickel Project (KNP), a nickel laterite deposit located in Western Australia.

TRO has been seeking to raise sufficient funds to undertake substantial work on its Woodlawn Project. As at 31 December 2013, TRO had A\$0.8 million in cash and therefore required additional capital to meet the expected costs associated with the next steps in advancing Woodlawn, existing exploration commitments, and working capital. In late December 2013, TRO was approached by HRR and both parties commenced merger discussions, as a merger with HRR would provide substantial funds to further advance TRO's material properties. In early January 2014, the TRO Board met to consider whether a merger with HRR was in TRO's Shareholders' best interests. On 8 January 2014, the TRO Board resolved to approve a non-binding letter of intent setting out the terms by which HRR proposed acquire all of TRO's outstanding securities.

On 10 March 2014, TRO and HRR formally announced that they had entered into the Scheme Implementation Agreement under which, subject to the satisfaction or waiver, as applicable, of defined conditions, HRR would acquire all of the TRO Shares through a scheme of arrangement in consideration of 1

New HRR Share for every 2.33 TRO Shares (with fractional entitlements rounded down to the nearest whole number of HRR Shares). The Scheme valued the equity in TRO at approximately A\$15.6 million based on the 7 March 2014 closing price of HRR Shares on the ASX of A\$0.145 the last trading day before the Announcement Date. The terms of the Scheme Implementation Agreement were approved by all of the directors of TRO.

HRR also agreed to invest A\$1.3 million in TRO by way of subscription for convertible notes to provide working capital to TRO and to meet its expected costs associated with the Scheme. The HRR Convertible Notes accrue interest on its face value of A\$1.3 million at the rate 8% per annum. As at 15 May 2014, the aggregate face value plus accrued interest of the HRR Convertible Notes is approximately A\$1.318 million. The HRR Convertible Notes have a maturity date of 31 December 2014 (or such later date as TRO and HRR may agree), at which time the outstanding amount on the HRR Convertible Notes must be repaid by TRO to HRR in either, at the election of HRR, cash or TRO Shares (to be issued at \$0.04 per TRO Share).

If the Scheme Implementation Agreement is terminated, the outstanding amount on the HRR Convertible Notes will also become repayable. HRR may elect to be repaid in either cash or TRO Shares (to be issued at \$0.04 per TRO Share). However, in this case (and unlike on maturity of the HRR Convertible Notes), if HRR elects to be repaid in TRO Shares, TRO may, notwithstanding such election, choose to repay the outstanding amount to HRR in cash (instead of TRO Shares).

Please refer to Section 11.12 for more details on the HRR Convertible Notes.

In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders, the TRO Board unanimously recommends that TRO Shareholders vote in favour of the Scheme. In its Independent Expert's Report dated 9 April 2014, Value Adviser Associates Pty Ltd concluded that, in its opinion, the Scheme is fair and reasonable and therefore is in the best interests of the TRO Shareholders. The Independent Expert's Report is included in this Scheme Booklet in Annexure A.

2.3 What you will receive

If the Scheme becomes Effective, on the Implementation Date, Scheme Participants (other than Ineligible Foreign Shareholders) will be issued the Scheme Consideration for the transfer of the TRO Shares held by them at the Record Date.

The consideration to be issued by HRR to Scheme Participants for the transfer of their TRO Shares to HRR under the terms of the Scheme will be 1 New HRR Share for every 2.33 TRO Shares held at the Record Date (with fractional entitlements rounded down to the nearest whole number of New HRR Shares), which is as agreed with HRR under the Scheme Implementation Agreement.⁵ For example, if a Scheme Participant holds 100,000 TRO Shares as at the Record Date, that Scheme Participant would be entitled to 42,918 New HRR Shares under the Scheme if the Scheme becomes Effective. The implied value of the Scheme Consideration, based on the 7 March 2014 closing price of HRR Shares on ASX (the last ASX trading day before the Announcement Date),⁶ is \$0.062 per TRO Share, which is a significant premium to TRO's 30-day VWAP on the ASX and TSX.

If you are classified as an Ineligible Foreign Shareholder and the Scheme becomes Effective, the New HRR Shares which would otherwise have been issued to you as consideration for the transfer of your TRO Shares to HRR will be issued by HRR to the Ineligible Foreign Shareholder Nominee on the Implementation Date. HRR must procure that the Ineligible Foreign Shareholder Nominee as soon as reasonably practicable after the Implementation Date sells, in consultation with HRR, those New HRR Shares and remits the net sale proceeds (minus any applicable brokerage, stamp duty and other costs, taxes and charges) to you in, at the discretion of HRR, Canadian dollars, Australian dollars or in the local currency of the country in which your address appears on the Register.

Further details about the Scheme Consideration and Ineligible Foreign Shareholders are set out in Section 5.

2.4 Directors' recommendation

Your Directors have unanimously determined that the Scheme is in the best interests of TRO Shareholders and recommend that TRO Shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of

⁵ Under the Scheme Implementation Agreement, HRR and TRO have agreed that the Scheme Consideration is 0.4292 New HRR Shares for each TRO Share. For the purposes of this Scheme Booklet, this has been expressed as 1 New HRR Share for every 2.33 TRO Shares (which is the equivalent formula) for ease of reference.

⁶ See Section 7.11 for more information about the recent performance of HRR's Share price.

Shareholders. Each of the Directors intend to (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders) vote, or procure the voting of all TRO Shares they have control of at the time of the Scheme Meeting, in favour of the Scheme.

The matters which the Directors have considered in making this recommendation are set out in Section 5.5.

The implications for TRO Shareholders if the Scheme does not proceed are set out in Section 5.6.

2.5 Independent Expert

TRO has commissioned the Independent Expert (Value Adviser Associates Pty Ltd), to prepare a report to ascertain whether the Scheme is in the best interests of TRO Shareholders.

The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is fair and reasonable and in the best interests of TRO Shareholders.

The Independent Expert's Report is set out in Annexure A of this Scheme Booklet.

2.6 An introduction to HRR

HRR is an ASX-listed company headquartered in West Perth, Western Australia, with offices in Perth and Kalgoorlie. HRR has a market capitalisation of A\$36.7 million as at 7 March 2014 (being the last trading day before the Announcement Date) and as at 31 March 2014, held cash and listed investments totalling approximately A\$38.6 million.

HRR is a minerals exploration company whose key asset is the Kalgoorlie Nickel Project (KNP), a nickel laterite deposit located in Western Australia. HRR also has an active exploration programme for gold, copper and base metals, including extensive tenement holdings in New South Wales and Western Australia. HRR has a publicly stated focus on the Lachlan Fold Belt of New South Wales, and a strategy to acquire an advanced stage development or production asset.

2.7 Implementation, timetable and procedures

If the Scheme is approved by TRO Shareholders and the Court, and all other conditions to the Scheme are satisfied or (where applicable) waived, it is expected that the Scheme will be fully implemented by on or around 19 August 2014. The key indicative dates and times in relation to the Scheme are set out at the beginning of this Scheme Booklet.

2.8 Conditions to the Scheme

Implementation of the Scheme is subject to a number of outstanding conditions precedent that are summarised in Annexure F. Some of these conditions include (but are not limited to):

- all approvals, waivers and consents required of a Governmental Agency (including specifically, ASIC, OSC, ASX and TSX) to implement the Scheme and any Option Deed (being the deed entered, or to be entered, by TRO Option holders under which they agree to cancel their TRO Options for the Cancellation Consideration), being obtained and not withdrawn, cancelled, revoked, qualified or varied in a manner materially adverse to TRO or HRR, before 8.00am on the Second Court Date. These approvals include:
 - ASX having provided approval and done such other acts that HRR and TRO agree (acting reasonably) are necessary to implement the Scheme, and ASX providing approval (subject to any conditions ASX may reasonably require) for the quotation of the New HRR Shares. This condition can only be waived by HRR and TRO in writing; and
 - TSX having provided approval and done such other acts that HRR considers (acting reasonably) are necessary for the listing and posting for trading on the TSX of the New HRR Shares (subject only to the satisfaction of listing conditions of the TSX). This condition can only be waived by HRR in writing;
- the Independent Expert having opined that the Scheme is in the best interests of TRO Shareholders;
- TRO Shareholders having approved the Scheme by the Requisite Majority;
- the Court having approved the Scheme;

- to the extent that implementation of the Scheme would require consent or trigger any right of termination or other material right under any key contract of TRO (which includes the SML 20 Transaction Documents), all such consents or waivers and release of such rights having been obtained;
- as at 8.00am on the Second Court Date, HRR being satisfied that "Final Completion" under the SML 20 Assignment Deed will occur by 30 June 2014 (or such later date as is agreed by the parties to that Deed) on terms and conditions reasonably acceptable to HRR (acting reasonably) and otherwise having completed due diligence with respect to Special Mining Lease S(C&PL)L 20 and the results of such due diligence being acceptable to HRR (acting reasonably); and
- no HRR Material Adverse Change, TRO Regulated Event or TRO Material Adverse Change occurring before 8.00am on the Second Court Date.

See Annexure F for further information.

Details about the conditions to the Scheme that have been satisfied at the date of this Scheme Booklet are set out in Section 11.2.

2.9 Scheme Meeting

The Scheme Meeting to approve the Scheme is scheduled to be held at The Grace Hotel, Pinaroo 2 Room, 77 York Street, Sydney, Australia on Monday, 28 July 2014 at 2.00pm (Sydney time). Voting eligibility for the Scheme Meeting will be determined as at 2.00pm (Sydney time) on the Voting Record Date, which is expected to be 26 July 2014.

Further details of the Scheme Meeting, including how to vote, are contained in Section 4. The Notice of Scheme Meeting is contained in Annexure B of this Scheme Booklet and the Explanatory Memorandum and Management Information Circular for Canadian law purposes is set out in Annexure C.

2.10 ASX and TSX listings

TRO

If the Scheme becomes Effective, TRO will become a wholly-owned Subsidiary of HRR and will be delisted from ASX and TSX. TRO is expected to be delisted from the TSX approximately three Business Days prior to the Record Date and from ASX shortly following the Implementation Date.

HRR

HRR will seek confirmation from ASX that from the Business Day after the Effective Date (or such later date as ASX requires), the New HRR Shares issued as Scheme Consideration will be listed for quotation on the official list of ASX, initially on a deferred settlement basis and, with effect from the Business Day after the Implementation Date (or such later date as the ASX requires), on an ordinary settlement basis.

Application has been made for the listing and posting for trading on the TSX of the New HRR Shares following the Implementation Date (when TRO will be a Subsidiary of HRR). If approved, such listing and posting for trading is expected to take place as soon as practicable following the Effective Date.

Listing of the New HRR Shares on the TSX is subject to HRR fulfilling all the listing requirements of the TSX. At the date of this Scheme Booklet, the TSX has not provided any such approval, nor has it made any determination based on the information available to it as to whether the Merged Entity will satisfy the TSX's listing requirements. There can be no guarantee that TSX will approve the listing of the New HRR Shares on TSX.

Although it is a condition precedent to the Scheme becoming Effective that, before 8.00am on the Second Court Date, the TSX's consent for the listing and posting for trading on the TSX of the New HRR Shares is obtained (subject only to the satisfaction of listing conditions of the TSX), this condition is for the benefit of HRR and can be waived by HRR. See Section 10.2(b) in the "Risk Factors" Section for further information.

If HRR is listed on the TSX and continues to be listed on the ASX, the Merged Entity will be required to comply with the listing rules of the TSX and ASX, including disclosure requirements under the continuous disclosure regimes in each applicable jurisdiction, which includes, but is not limited to, filing of an annual information form, financial statements and quarterly reports.

2.11 Approvals required

Scheme

The Scheme must be approved by:

- Unless the Court orders otherwise, a majority in number (more than 50%) of TRO Shareholders present and voting at the Scheme Meeting (in person or by proxy, corporate representative or attorney).
- And at least 75% of the total number of votes which are cast at the Scheme Meeting.

Court Approval

If the Scheme is approved at the Scheme Meeting, and all other conditions of the Scheme have been satisfied or (where applicable) waived, the Court will be asked to approve the Scheme on the Second Court Date in accordance with Section 411(4)(b) of the Corporations Act. The Second Court Date is expected to be on or around 4 August 2014.

2.12 Support from significant shareholders

Each of the following significant shareholders of TRO:

- TRO's Chairman, Dr. James Gill, who holds approximately 14.8% of the TRO Shares on issue as at the date of this Scheme Booklet
- Tri Origin Exploration Ltd, a TSX - Venture listed entity which holds approximately 11.6% of the TRO Shares on issue as at the date of this Scheme Booklet

has advised TRO that they intend to vote their TRO Shares in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders.

2.13 Tax implications

The transfer of your TRO Shares in accordance with the Scheme may have tax implications for you.

A summary of relevant tax implications provided by TRO's tax advisors for Scheme Participants is contained in Section 9. Shareholders should always seek their own professional advice regarding their individual tax consequences before they make any decision relating to their shares or options.

2.14 What to do next

Read the remainder of this Scheme Booklet in full before making any decision on the Scheme.

Consider your options

TRO Shareholders should refer to Section 3 and Section 5 for further guidance on the expected advantages and disadvantages and consequences of the Scheme and Section 10 for guidance on the risk factors associated with the Scheme.

If you have any questions in relation to the Scheme or the Scheme Meeting, please contact the TRO Shareholder Information Line:

- In North America by telephone: +1 905 727 8688
- International callers by telephone: +61 2 9299 7800
- In Australia by telephone: (02) 9299 7800
- By email at: inquire@triauxmin.com

or consult your legal, investment, taxation, financial or other professional adviser.

Vote at the Scheme Meeting

Your Directors urge you to vote on the Scheme at the Scheme Meeting. The Scheme affects your shareholding and your vote at the Scheme Meeting is important in determining whether the Scheme proceeds.

Your Directors unanimously recommend that, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders, you vote in favour of the Scheme.

3. Frequently Asked Questions

The following table provides brief answers to questions you may have in relation to the Scheme, but must be read in conjunction with the more detailed information included in this Scheme Booklet. You are urged to read this Scheme Booklet in its entirety.

| Question | Answer | For more details, see: |
|--|--|---|
| Questions about the Scheme | | |
| <p>What is the Scheme?</p> | <p>On 10 March 2014, TRO and HRR announced that they had entered into a Scheme Implementation Agreement in relation to the Scheme.</p> <p>The Scheme is a scheme of arrangement between TRO and TRO Shareholders under Part 5.1 of the Corporations Act.</p> <p>The Scheme requires the approval of both the Requisite Majority of TRO Shareholders at the Scheme Meeting and the Court.</p> <p>The terms of the Scheme are set out in full in Annexure D of this Scheme Booklet.</p> <p>If the Scheme becomes Effective, HRR will acquire all of the TRO Shares and TRO will become a wholly-owned Subsidiary of HRR. TRO will be delisted from ASX and TSX, and HRR Shares will be listed on both the ASX and the TSX (subject to ASX and TSX approval).</p> | <p>Annexure F and copy of the Scheme Implementation Agreement released on the ASX and the TSX on 10 March 2014</p> <p>Annexure D Section 2.10</p> |
| <p>What is the Scheme Consideration?</p> | <p>If the Scheme becomes Effective, the Scheme Consideration, being 1 New HRR Share for every 2.33 TRO Shares⁷ you hold at the Record Date will be issued, unless you are an Ineligible Foreign Shareholder.</p> | <p>Annexure D</p> |
| <p>What will be the effect of the Scheme?</p> | <ul style="list-style-type: none"> • You will transfer all of your TRO Shares to HRR. • In exchange for the transfer of your TRO Shares to HRR, you will receive the Scheme Consideration for each TRO Share you hold, unless you are an Ineligible Foreign Shareholder. • TRO will become a wholly-owned Subsidiary of HRR and will be delisted from ASX and TSX. • New HRR Shares will be listed on both the ASX and the TSX (subject to ASX and TSX approval). | <p>Annexure D Sections 8 and 2.10</p> |
| <p>What value does the Scheme imply for my TRO Shares?</p> | <p>The Scheme Consideration is 1 New HRR Share for every 2.33 TRO Shares.</p> <p>Based on the 7 March 2014 closing price of HRR Shares on ASX of A\$0.145, being the last trading day prior to the Announcement Date, the implied value of the Scheme Consideration is A\$0.062 per TRO Share.</p> <p>Based on the 30 May 2014 closing price of HRR Shares on ASX of A\$0.115, being the latest practicable date prior to the date of this Scheme Booklet, the implied value of the Scheme Consideration is A\$0.049 per TRO Share.</p> | <p>Section 7.11</p> |

⁷ Any fractional entitlements to a part of a New HRR Share will be rounded down to the nearest whole number of New HRR Shares.

| Question | Answer | For more details, see. |
|--|---|--|
| | <p>The implied value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the HRR Share price. Please refer to Section 7.11 for the recent price history of HRR Shares.</p> <p>The C\$ value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the A\$/C\$ exchange rate.</p> | |
| <p>Are there conditions that need to be satisfied before the Scheme can proceed?</p> | <p>For the Scheme to become Effective, a number of conditions contained in the Scheme Implementation Agreement as described in the Summary of the Scheme Implementation Agreement in Annexure F of this Scheme Booklet must be satisfied or (if permitted) waived (as applicable).</p> <p>A number of those conditions remain outstanding as at the date of this Scheme Booklet.</p> <p>A description of the conditions that have already been satisfied or waived (where applicable) is included in Section 11.2.</p> | <p>Annexure F and the Scheme Implementation Agreement released on ASX and TSX on 10 March 2014</p> <p>Section 11.2</p> |
| <p>What is the Directors' recommendation?</p> | <p>Your Directors have carefully considered the advantages and disadvantages of the Scheme and unanimously recommend that, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders, you vote in favour of the Scheme.</p> | <p>Section 1 and Sections 5.4 to 5.6</p> |
| <p>What are the reasons to vote in favour of the Scheme?</p> | <p>The Directors have described in Sections 1.1 and 5.5 the advantages for TRO Shareholders if the Scheme is implemented to include:</p> <ul style="list-style-type: none"> • The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is fair and reasonable and in the best interests of TRO Shareholders. • The premium that the implied value of the Scheme Consideration represents over the pre-announcement trading prices of TRO Shares (subject to fluctuations in the value of the HRR Shares). • TRO must raise funds in the short term to remain a viable business and to meet expenditure obligations related to keeping TRO's mineral exploration tenements in good standing. • The Merged Entity had cash and cash equivalents of approximately A\$35.2 million and listed investments of approximately A\$5.1 million as at 31 March 2014.⁸ As stated in Section 8.3(a), HRR intends to pursue the development of the Woodlawn assets as its primary focus with spending on the Woodlawn Project over the twelve months following implementation of the Scheme likely to exceed A\$10 million. • Scheme Participants will not be required to pay any brokerage (unless you are an Ineligible Foreign Shareholder). • If the Scheme is not implemented and an alternative | <p>Sections 1.1 and 5.5</p> |

⁸ According to HRR's unaudited financial statements as at 31 March 2014.

| Question | Answer | For more details, see: |
|--|--|-----------------------------|
| | <p>proposal does not emerge, the TRO Share price may return to its pre-announcement trading level (being a price below its current trading levels in the near term although it is difficult to predict the TRO Share price movement with any certainty).</p> <ul style="list-style-type: none"> • Eligible TRO Shareholders who are Australian residents for tax purposes and who would otherwise realise a capital gain on the disposal of their TRO Shares in return for New HRR Shares under the Scheme should generally be able to obtain CGT scrip-for-scrip roll-over relief. • Eligible Holders for Canadian tax purposes who receive New HRR Shares in exchange for their TRO Shares will be able to obtain a full or partial tax deferral in respect of the disposition of their TRO Shares. | |
| <p>What are the reasons to vote against the Scheme?</p> | <p>The Directors have described in Sections 1.2 and 5.6 the reasons why you may decide to vote against the Scheme which include:</p> <ul style="list-style-type: none"> • You may disagree with your Directors' unanimous recommendation or the Independent Expert's conclusion. • The Merged Entity will be subject to a number of risks to which TRO is not currently exposed. • You may not want to change your current investment profile. • You may prefer TRO to enjoy the opportunity for increased value by remaining as an independent company. • If TRO were to continue as an independent company, a Superior Proposal for TRO may materialise in the future. • The exact value of the Scheme Consideration on implementation of the Scheme is not certain. | <p>Sections 1.2 and 5.6</p> |
| <p>What are the risks for me if the Scheme is implemented?</p> | <p>The value of New HRR Shares will be influenced by a range of factors, many of which will be beyond the control of the Merged Entity. TRO Shareholders who receive and retain New HRR Shares under the Scheme may be subject to certain risks, including risks associated with the following:</p> <ul style="list-style-type: none"> • Financial matters. • Business and operations. • Specific projects. • Acquisitions. • Equity market sentiment. • Specific commodity market prices. • Integration of TRO and HRR into the Merged Entity. <p>Exploration and mining companies are generally exposed to many of these risks. The TRO business which will form part of the Merged Entity faces many of these risks already and these are therefore risks to which you already have some exposure.</p> <p>However, the Merged Entity may be exposed to a number of</p> | <p>Section 10</p> |

| Question | Answer | For more details, see: |
|--|--|--|
| | risks that are new and the potential effect on the Merged Entity of certain risks could be potentially greater than is currently the case in relation to TRO. Your Directors draw your attention to the summary of these and other risks associated with the Merged Entity contained in Section 10. | |
| Is there an Independent Expert's Report? | <p>TRO has commissioned the Independent Expert, Value Adviser Associates, to prepare a report to ascertain whether the Scheme is fair and reasonable and in the best interests of TRO Shareholders.</p> <p>The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is fair and reasonable and in the best interests of TRO Shareholders.</p> <p>The Independent Expert's Report is set out in Annexure A of this Scheme Booklet.</p> | Annexure A |
| If I wish to support the Scheme, what should I do? | <p>If you wish to support the Scheme, you should vote in favour of the Scheme at the Scheme Meeting. If you are a registered TRO Shareholder and are unable to attend the Scheme Meeting, you may be entitled to vote by proxy, corporate representative or attorney.</p> <p>See Section 4 and Annexures B and C for directions on how to vote and important voting information generally.</p> | Section 4 Annexures B and C |
| If I wish to oppose the Scheme, what should I do? | <p>If you do not support the Scheme, you should vote against the Scheme at the Scheme Meeting. If you are a registered TRO Shareholder and are unable to attend the Scheme Meeting, you may be entitled to vote by proxy, corporate representative or attorney.</p> <p>You may also oppose approval by the Court of the Scheme at the Court hearing.</p> <p>See Section 4 and Annexures B and C for directions on how to vote and important voting information generally, and Section 11.6 for information about the Court approval of the Scheme.</p> | Section 4 Annexures B and C Section 11.6 |
| What happens if I vote against the Scheme? | <p>If the Scheme is approved by the Requisite Majority of TRO Shareholders and by the Court, and all other conditions to the Scheme are satisfied or waived (where applicable), your TRO Shares will be transferred to HRR in consideration for HRR issuing to you or the Ineligible Foreign Shareholder Nominee on your behalf, as applicable, the Scheme Consideration for your TRO Shares. This will occur even if you voted against the Scheme at the Scheme Meeting.</p> <p>If the Scheme is not approved by the Requisite Majority of TRO Shareholders or the Court, TRO will remain an independent company and you will remain a TRO Shareholder.</p> | Section 5.7(c) Annexure D |
| How will the Scheme be implemented? | <p>If the Scheme becomes Effective, no further action is required on the part of the Scheme Participants in order to implement the Scheme. Under the Scheme, TRO is given authority to procure the delivery of a transfer in respect of all TRO Shares to effect the valid transfer of the TRO Shares to HRR and to enter the name of HRR in the Register as holder of the TRO Shares.</p> <p>If the Scheme becomes Effective, each TRO Shareholder (other</p> | Annexure D |

| Question | Answer | For more details, see: |
|--|--|---|
| | <p>than an Ineligible Foreign Shareholder) will be deemed to have agreed to become a shareholder of HRR and to have accepted the New HRR Shares issued to that holder under the Scheme and be bound by HRR's Constitution.</p> | |
| <p>What happens if the Scheme is not approved?</p> | <p>If the Scheme is not approved by the Requisite Majority of TRO Shareholders and the Court, the Scheme will not be implemented.</p> <p>If any of the conditions to the Scheme are not satisfied or waived (where applicable), including if the Scheme is not approved by the Requisite Majority of TRO Shareholders and by the Court, the Scheme Implementation Agreement may be terminated and the Scheme will not be implemented.</p> <p>The consequences of the Scheme not being implemented include:</p> <ul style="list-style-type: none"> • You will retain your TRO Shares, you will not be issued the Scheme Consideration, and you will continue to be exposed to the risks associated with your investment in TRO Shares. • TRO will need to either repay the HRR Convertible Notes of \$1.3 million plus interest (at a rate of 8% per annum) or issue TRO Shares to HRR of equivalent value at \$0.04 per TRO Share (which, if such TRO Shares were issued, would result in HRR holding an approximately 12% interest in TRO, based on the issued share capital of TRO as at the date of this Scheme Booklet). HRR may elect to be repaid in cash or TRO Shares. However, other than on the maturity of the HRR Convertible Notes, if HRR elects to be repaid in TRO Shares, TRO may, notwithstanding such election, choose to repay HRR in cash. <p>Please refer to Section 11.12 for more information regarding the HRR Convertible Notes.</p> <ul style="list-style-type: none"> • TRO will need to source short term funding to repay the HRR Convertible Notes and to support its business activities and mineral exploration tenement related expenditure obligations. There can be no assurance that such funding will be available on acceptable terms, or if at all. • The existing TRO Board and management will continue to operate TRO's business. • The expected benefits of the Scheme (as set out in Sections 1.1 and 5.5) will not be realised. • The TRO Share price may return to pre-announcement levels if no alternative proposal emerges. • TRO will have incurred significant costs and management time and resources. • TRO may be required to pay HRR the TRO Break Fee of \$250,000 (plus GST, if applicable) in some circumstances. However, these circumstances do not include if the Scheme is not implemented solely because the Scheme is not approved by the Requisite Majority of TRO Shareholders (see the answer to the following question for more | <p>Sections 1, 5.5, 5.7(c) and 11.12 Annexure F</p> |

| Question | Answer | For more details, see: |
|--|--|---|
| | information). | |
| <p>Is there a break fee payable by TRO if the Scheme is not implemented?</p> | <p>TRO must pay HRR the TRO Break Fee of \$250,000 (plus GST, if applicable) in some circumstances. These circumstances include if:</p> <ul style="list-style-type: none"> • the TRO Board changes its recommendation to Shareholders to vote in favour of the Scheme (other than where the Independent Expert opines that the Scheme is not in the best interests of TRO Shareholders, provided that the reasons for such conclusions do not include the existence of a Competing Proposal for TRO); and • TRO announces a Superior Proposal for TRO. <p>However, no TRO Break Fee will be payable solely because the Scheme is not approved by the Requisite Majority of TRO Shareholders.</p> <p>Please refer to Annexure F for more information regarding the TRO Break Fee.</p> | Annexure F |
| <p>Is a Superior Proposal likely? What happens if a Superior Proposal emerges?</p> | <p>It is possible that, if TRO were to continue as an independent company, a Superior Proposal for TRO may materialise in the future.</p> <p>Until the Scheme becomes Effective, there is nothing preventing other parties from making unsolicited Competing Proposals for TRO.</p> <p>If an unsolicited Competing Proposal is received and the TRO Board determines, acting in good faith and reasonably in order to satisfy their fiduciary and statutory duties (and after having received written advice from their financial and legal advisers), is, or is likely to result in, a Superior Proposal, and the TRO Board wishes to change, qualify or withdraw its recommendation that Shareholders approve the Scheme, it must first provide HRR with all material terms of the Competing Proposal and HRR has 5 Business Days within which to propose a variation to the Scheme so that the Competing Proposal received would no longer be a Superior Proposal.</p> <p>Your Directors will keep you informed of any material developments regarding any Superior Proposals received.</p> | Section 5.3 Annexure F and the Scheme Implementation Agreement released on ASX and TSX on 10 March 2014 |
| <p>What are the tax implications of the Scheme?</p> | <p>Eligible TRO Shareholders who are Australian residents for tax purposes and who would otherwise realise a capital gain on the disposal of their TRO Shares in return for New HRR Shares under the Scheme should generally be able to obtain CGT scrip-for-scrip roll-over relief.</p> <p>Eligible Holders for Canadian tax purposes and who receive New HRR Shares in exchange for their TRO Shares may be able to obtain a full or partial tax deferral in respect of the disposition of their TRO Shares.</p> <p>If you are an Ineligible Foreign Shareholder, the New HRR Shares that you would otherwise have been entitled to will be issued to the Ineligible Foreign Shareholder Nominee who will then sell those New HRR Shares and remit the proceeds (net of brokerage and other costs, taxes and charges) to you. The sale of those New HRR Shares may result in a tax liability for the</p> | Section 9 |

| Question | Answer | For more details, see: |
|--|---|--|
| | <p>Ineligible Foreign Shareholder.</p> <p>Further details in relation to tax considerations can be found in Section 9. However, as the outline in Section 9 is general in nature and does not take into account your specific circumstances, you should consult your taxation adviser for taxation advice before making a decision as to whether or not to vote in favour of the Scheme.</p> | |
| <p>When will the results of the Scheme Meeting be available?</p> | <p>The results of the Scheme Meeting will be available shortly after the conclusion of the meeting and will be promptly announced to ASX (the trading code for TRO on ASX is "TRO") and SEDAR (the trading symbol for TRO on TSX is "TOR"). The results will also be available on TRO's website (www.triausmin.com).</p> | <p>Section 4</p> |
| <p>Who will manage the Merged Entity following the implementation of the Scheme?</p> | <p>The Managing Director of TRO, Mr Wayne Taylor, will be appointed Managing Director of HRR following the implementation of the Scheme, and the current HRR Managing Director, Ian Buchhorn, will become an Executive Director.</p> | <p>Section 6 Section 7 Section 8.3</p> |
| <p>How do the Directors intend to vote in respect of their own TRO Shares?</p> | <p>Each Director intend to vote, or procure the voting of, any TRO Shares controlled by that Director at the time of the Scheme Meeting in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders.</p> <p>Your Directors collectively control the voting rights attaching to approximately 18.1% of the total number of TRO Shares on issue.</p> | <p>Section 6.11</p> |
| <p>Questions about your entitlements</p> | | |
| <p>Am I entitled to participate in the Scheme?</p> | <p>Each person who is a TRO Shareholder as at 7.00pm (Sydney time) on the Record Date (expected to be 12 August 2014) will be entitled to participate in the Scheme and will be entitled to receive the Scheme Consideration under the Scheme if it is approved and implemented (other than Ineligible Foreign Shareholders).</p> | <p>Section 5</p> |
| <p>What will I receive if the Scheme is implemented?</p> | <p>If the Scheme is implemented, you will be issued the Scheme Consideration which is 1 New HRR Share for every 2.33 TRO Shares⁹ you hold as at the Record Date (unless you are an Ineligible Foreign Shareholder).</p> | <p>Section 5.2 and Annexure D</p> |
| <p>What if I am an Ineligible Foreign Shareholder?</p> | <p>An Ineligible Foreign Shareholder is a TRO Shareholder whose address shown on the Register is a place outside Australia and its external territories, New Zealand, Canada, United States of America (subject to the requirements of any applicable state securities laws), United Kingdom, Hong Kong¹⁰ and Switzerland, unless HRR is satisfied, acting reasonably, that it is permitted to allot and issue New HRR Shares to that TRO Shareholder pursuant to the Scheme by the laws of that place.</p> <p>If you are an Ineligible Foreign Shareholder, HRR will be under</p> | <p>Section 5.2(b) and Annexure D</p> |

⁹ Any fractional entitlements to a part of a New HRR Share will be rounded down to the nearest whole number of New HRR Shares.

¹⁰ A TRO Shareholder whose address shown on the Register is in Hong Kong is an Eligible Foreign Shareholder (that is, not an Ineligible Foreign Shareholder) only if (i) that TRO Shareholder is a "professional investor" (as defined in the Securities and Futures Ordinance of Hong Kong) and/or (ii) the number of non-professional investors does not exceed 50.

| Question | Answer | For more details, see: |
|--|---|---|
| | <p>no obligation to allot or issue, and will not issue, any New HRR Shares to you.</p> <p>Instead, the number of New HRR Shares that would otherwise have been issued to you under the Scheme will be issued to the Ineligible Foreign Shareholder Nominee, who will sell those New HRR Shares on the market following implementation of the Scheme, at such price and on such other terms as the Ineligible Foreign Shareholder Nominee determines in consultation with HRR. HRR will then remit, or procure the remittance of, the proceeds of such sale to you, after deducting any applicable brokerage, stamp duty and other costs, taxes and charges.</p> <p>TRO, HRR and the Ineligible Foreign Shareholder Nominee give no assurance as to the price that will be achieved for New HRR Shares sold for Ineligible Foreign Shareholders by the Ineligible Foreign Shareholder Nominee.</p> | |
| <p>What happens if the market price of HRR Shares increases or decreases?</p> | <p>The implied value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the HRR Share price.</p> | <p>Section 1, Section 2 and Section 5</p> |
| <p>How will fractional entitlements to New HRR Shares be treated?</p> | <p>If, pursuant to the calculation of your Scheme Consideration, you would be entitled to a fraction of a New HRR Share your fractional entitlement will be rounded down to the nearest whole number of New HRR Shares.</p> | <p>Section 5.2(c) and Annexure D</p> |
| <p>When will I be issued the Scheme Consideration and registered as a HRR Shareholder?</p> | <p>If the Scheme is implemented, HRR must, on the Implementation Date, issue your New HRR Shares to you (or in the case of an Ineligible Foreign Shareholder, to the Ineligible Foreign Shareholder Nominee) and register the holders of the New HRR Shares in HRR's register of members. Under the Scheme, this is required to be done before your TRO Shares are transferred to HRR.</p> | <p>Annexure D</p> |
| <p>Will I have to pay brokerage fees on the disposal of my TRO Shares?</p> | <p>No brokerage fees or other costs are payable in connection with the issue of the Scheme Consideration. If you are an Ineligible Foreign Shareholder, the Ineligible Foreign Shareholder Nominee will deduct brokerage or other costs from the sale of New HRR Shares and pay you the net amount.</p> | <p>Section 5.2(b) Section 5.5(k) and Annexure D</p> |
| <p>How can I trade my New HRR Shares?</p> | <p>HRR is listed on the ASX, but not currently on the TSX.</p> <p>HRR will seek confirmation from ASX that from the Business Day after the Effective Date (or such later date as ASX requires), the New HRR Shares issued as Scheme Consideration will be listed for quotation on the official list of ASX, initially on a deferred settlement basis and, with effect from the Business Day after the Implementation Date (or such later date as the ASX requires), on an ordinary settlement basis.</p> <p>Application has been made for the listing and posting for trading on the TSX of the New HRR Shares as soon as practicable following the Effective Date. There can be no guarantee that TSX listing will be obtained,</p> <p>Please refer to Section 2.10 for further information regarding the ASX and TSX listings of HRR.</p> | <p>Sections 2.10 and 2.11</p> |

| Question | Answer | For more details, see. |
|---|---|------------------------------------|
| Questions about voting | | |
| Can I vote? | <p>If you are registered as a TRO Shareholder at the Voting Record Date you will be entitled to vote on the resolution to be proposed at the Scheme Meeting.</p> <p>In accordance with applicable Canadian securities legislation, TRO has elected to seek voting instructions directly from Canadian Beneficial Holders. If you are a Canadian Beneficial Holder on the Notice Record Date, you may provide voting instructions using the Voting Instruction Form sent to you. In order to attend and vote at the Scheme Meeting you must be appointed by your applicable intermediary as a proxyholder.</p> | Section 4 Annexures B and C |
| When and where will the Scheme Meeting be held? | <p>The Scheme Meeting to approve the Scheme is scheduled to be held at The Grace Hotel, Pinaroo 2 Room, 77 York Street, Sydney on Monday, 28 July 2014, commencing at 2.00pm (Sydney time). Voting eligibility for the Scheme Meeting will be determined as at the Voting Record Date.</p> <p>Further details of the Scheme Meeting, including how to vote are contained in Section 4. The Notice of Scheme Meeting is contained in Annexure B of this Scheme Booklet and the Explanatory Memorandum and Management Information Circular for Canadian law purposes is contained in Annexure C of this Scheme Booklet.</p> | Section 4 Annexures B and C |
| What vote is required to approve the Scheme? | <p>The Scheme needs to be approved by the Requisite Majority which is:</p> <ul style="list-style-type: none"> • Unless the Court orders otherwise, a majority in number (more than 50%) of TRO Shareholders present and voting at the Scheme Meeting (in person or by proxy, corporate representative or attorney). • And at least 75% of the total number of votes cast on the resolution at the Scheme Meeting. | Section 4.1(b) |
| Is voting compulsory? | <p>No, voting is not compulsory. However, your vote is important. If you cannot attend the Scheme Meeting scheduled to be held on 28 July 2014 at 2.00pm (Sydney time) and you wish to vote, you may be entitled to vote by proxy, corporate representative or attorney. A proxy form is enclosed with this Scheme Booklet.</p> <p>For further details regarding voting, submitting proxy forms and the votes of Canadian Beneficial Holders for the Scheme Meeting, see Section 4 and Annexures B and C.</p> | Section 4 Annexures B and C |
| Why should I vote? | Your vote will be important in determining whether the Scheme will proceed. | Section 1, Section 2 and Section 5 |
| What happens if I do not vote? | <p>The Scheme Meeting will still be held and the Scheme will either be approved or not approved by the voting shareholders at the Scheme Meeting.</p> <p>If the Scheme is approved by the Requisite Majority of Shareholders and by the Court, your TRO Shares will be transferred to HRR in consideration for HRR issuing to you the Scheme Consideration for your TRO Shares unless you are an</p> | Sections 5.7 and 5.8 Annexure D |

| Question | Answer | For more details, see: |
|--|---|--|
| | <p>Ineligible Foreign Shareholder (in which case the Ineligible Foreign Shareholder Nominee will sell your New HRR Shares and remit the proceeds to you, net of brokerage, costs, taxes and other charges).</p> <p>If the Scheme is not approved, TRO will remain an independent company and you will remain a TRO Shareholder.</p> | |
| <p>Can I attend the Court and oppose the Court approval of the Scheme?</p> | <p>If you wish to oppose approval by the Court of the Scheme at the Court hearing to be held on the Second Court Date, you may do so by filing with the Court, and serving on TRO, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing.</p> <p>The notice of appearance and affidavit should be served on TRO at least one Business Day (in Sydney, New South Wales) before the Second Court Date.</p> | <p>Section 4.2</p> |
| <p>Can I sell my TRO Shares now?</p> | <p>You can offer to sell your TRO Shares on market at any time before the close of trading on ASX on the Effective Date (Sydney time) and before the close of trading on TSX on the Effective Date (Toronto time) at the prevailing market price, however you will not receive the Scheme Consideration and may have to pay any brokerage fees related to such sale.</p> | <p>Section 5.8(iii)</p> |
| <p>Do I have to complete the proxy form enclosed with this Scheme Booklet?</p> | <p>You only need to complete the proxy form if you wish to vote by proxy at the Scheme Meeting. You do not need to complete the proxy form if you intend to vote in person, corporate representative or attorney at the Scheme Meeting.</p> | <p>Section 4 Annexures B and C</p> |
| <p>What are my options?</p> | <p>You may:</p> <ul style="list-style-type: none"> • Vote in favour of the Scheme at the Scheme Meeting. • Vote against the Scheme at the Scheme Meeting. • Sell your TRO Shares on ASX or TSX. • Do nothing. | <p>Section 5.8</p> |
| <p>What if I cannot, or do not wish to, attend the Scheme Meeting?</p> | <p>If you cannot, or do not wish to, attend the Scheme Meeting, you may appoint a proxy, corporate representative or attorney to vote on your behalf. For further details regarding voting and submitting proxy forms for the Scheme Meeting, see Section 4 and Annexures B and C.</p> | <p>Section 4 Annexures B and C</p> |
| <p>Questions about HRR</p> | | |
| <p>Who is HRR?</p> | <p>HRR is an ASX-listed mineral exploration company headquartered in West Perth, Western Australia, with offices in Perth and Kalgoorlie. HRR had a market capitalisation of A\$36.7 million as at 7 March 2014 (the last trading day before the Announcement Date) and as at 31 March 2014 held cash and listed investments totalling approximately A\$38.6 million.</p> | <p>Section 7</p> |
| <p>Why does HRR wish to acquire TRO?</p> | <p>The HRR Board believes that a merger with TRO (through the implementation of the Scheme) provides HRR with a major development asset strongly aligned with the strategic focus of the company, and provides TRO with the necessary funds and complementary team to enable it to progress with the next</p> | <p>Section 2 Section 7 Section 8</p> |

| Question | Answer | For more details, see: |
|---|--|------------------------|
| | <p>stages of the proposed combined Woodlawn Tailings Retreatment Project (WRP) and Woodlawn Underground Project (WUP) development. The HRR Board believes that the implementation of the Scheme should provide HRR Shareholders and TRO Shareholders (who are issued New HRR Shares pursuant to the Scheme and retain those New HRR Shares) with the opportunity to benefit from capital growth potential driven by the proposed investments in Woodlawn, and exposure to a prospective and historically proven high grade base metals deposit.</p> | |
| <p>What are HRR's intentions in relation to the Merged Entity if the Scheme is implemented?</p> | <p>The strategic focus of HRR will be on resource extension at the Woodlawn Underground Project, enhancing the value of the Woodlawn Tailings Retreatment Project, and on completing a bankable feasibility study for a combined WRP and WUP.</p> <p>As at 31 March 2014 the Merged Entity had cash and cash equivalents of approximately A\$35.2 million, plus A\$5.1 million in investments. This should support the steps that will need to be taken to progress the Woodlawn Project.</p> <p>The present intention of HRR is, if the Scheme is implemented, to undertake a resource review, scoping study and initial major drilling programme of the Woodlawn Underground Project. Following this programme and the assessment of the results, HRR has stated that it will make a decision on the next optimal step, which may include the re-accessing of the existing underground workings or further surface drilling to support the completion of a Bankable Feasibility Study and project financing.</p> <p>Section 8 sets out further information about the present intentions of HRR if the Scheme is implemented in relation to the continuation of the business of TRO, any major changes to be made to the business of TRO and the future employment of the present employees of TRO, on the basis of the facts concerning TRO which are known to HRR at the date of this Scheme Booklet.</p> | <p>Section 8</p> |
| <p>General questions</p> | | |
| <p>What other information is available?</p> | <p>You should read the detailed information in relation to the Scheme provided in this Scheme Booklet.</p> <p>Further information in relation to TRO can be obtained from ASX or on its website www.asx.com.au, on TRO's website www.triausmin.com or under TRO's profile on SEDAR at www.sedar.com (trading symbol on the TSX is "TOR").</p> | |
| <p>Who can help answer my questions about the Scheme?</p> | <p>If you have any questions in relation to the Scheme or the Scheme Meeting please contact:</p> <ul style="list-style-type: none"> • In North America by telephone: +1 905 727 8688 • International callers by telephone: +61 2 9299 7800 • In Australia by telephone: (02) 9299 7800 • By email at: inquire@triausmin.com | |

| Question | Answer | For more details, see: |
|----------|--|------------------------|
| | or consult your legal, investment, taxation or other professional adviser. | |

4. Scheme Meeting and voting information

This Section contains information for TRO Shareholders and Canadian Beneficial Holders relating to voting entitlements and information on how to vote at the Scheme Meeting.

As TRO is a reporting issuer in Canada, some of the following disclosures are required to be included in this Scheme Booklet under the requirements of National Instrument 51-102 - Continuous Disclosure Obligations (NI 51-102). Please refer to the disclosure under the heading "Explanatory Memorandum and Management Information Circular" in Annexure C for further disclosures under NI 51-102.

4.1 Scheme Meeting

(a) Time and location

The Scheme Meeting to approve the Scheme is scheduled to be held at The Grace Hotel, Pinaroo 2 Room, 77 York Street, Sydney, Australia on Monday, 28 July 2014, at 2.00pm.

(b) Requisite Majority

At the Scheme Meeting, the Scheme Resolution will be proposed to the Scheme Meeting which must be approved by:

- Unless the Court orders otherwise, a majority in number (more than 50%) of TRO Shareholders present and voting at the Scheme Meeting (in person or by proxy, corporate representative or attorney)
- And at least 75% of the total number of votes which are cast at the Scheme Meeting

being the requisite majority (the **Requisite Majority**) for the Scheme to become Effective.

The Scheme Resolution is set out in the Notice of Scheme Meeting at Annexure B of this Scheme Booklet.

4.2 Court approval

The date on which the Court hears TRO's application for approval of the Scheme is the Second Court Date. The Second Court Date is expected to be on or around 4 August 2014 and is open to all TRO Shareholders. If you wish to oppose approval by the Court of the Scheme at that Court hearing you may do so by filing with the Court, and serving on TRO, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit should be served on TRO at least one Business Day (in Sydney, New South Wales) before the Second Court Date.

The Court may refuse to approve the Scheme, even if the Scheme is approved by the Requisite Majority of TRO Shareholders.

If the Scheme is not approved by the Requisite Majority of TRO Shareholders at the Scheme Meeting, the Scheme will not proceed and TRO will not apply to the Court for any further orders in connection with the Scheme.

ASIC will be asked to issue a written statement that it has no objection to the Scheme. ASIC would not be expected to issue such a statement until shortly before the Second Court Date. If ASIC does not produce a written statement that it has no objection to the Scheme, the Court may still approve the Scheme provided it is satisfied that section 411(17)(a) of the Corporations Act is satisfied.

4.3 Entitlement and ability to vote at the Scheme Meeting

If you are registered as a TRO Shareholder as at 2.00pm (Sydney time) on 26 July 2014, you will be entitled to vote on the Scheme Resolution at the Scheme Meeting.

TRO Shareholders can vote on the Scheme Resolution at the Scheme Meeting:

- In person.
- By appointing a proxy to vote for you.
- By representative (if you are a corporate TRO Shareholder).
- By attorney.

You will be counted as being present at the Scheme Meeting if you vote in any of the ways outlined above.

If you are a Canadian Beneficial Holder, see Section 4.5 for voting instructions.

4.4 TRO Shareholders - Voting at the Scheme Meeting

If you are registered as a holder of TRO Shares and wish to attend and vote at the Scheme Meeting, you should read this section on instructions how to vote. Voting on the Scheme Resolution will be by poll.

(a) Voting in person

If you wish to vote in person, you should attend the Scheme Meeting.

(b) Voting by proxy

Your personalised proxy form for the Scheme Meeting accompanies this Scheme Booklet.

You can appoint a proxy by completing and returning to TRO the enclosed proxy form for the Scheme Meeting. The proxy form must be received by TRO by no later than 2.00pm (Sydney time) on 26 July 2014.

You must return the proxy form to TRO by either posting it in the reply paid envelope provided (only for use in Australia) or by sending, delivering or faxing it as follows:

Australian Registry:

Mail to: Boardroom Limited
Fax to: +61 2 9290 9655
Online: www.boardroomlimited.com.au

Canadian Registry:

Mail to: TMX Equity Transfer Services Inc.
Deliver to: 200 University Avenue, Suite 300, Toronto ON M5H 4H1
Fax to: +1 416 595 9593

The solicitation of proxies made pursuant to this Scheme Booklet is not subject to the requirements of section 14(a) of the US Exchange Act by virtue of an exemption applicable to proxy solicitations by foreign private issuers as defined in rule 3b-4 under the US Exchange Act. Accordingly, this Scheme Booklet has been prepared in accordance with disclosure requirements applicable in Australia and Canada. Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the US Securities Act and to proxy statements under the US Exchange Act.

(c) Undirected proxies

If a proxy appointment is signed by or validly authenticated by the Shareholder but does not name the proxy or proxies in whose favour it is given, the chairman of the Scheme Meeting may either act as proxy or complete the proxy appointment by inserting the name or names of one or more Directors or the TRO Company Secretary.

If:

- i. A Shareholder nominates the chairman of the Scheme Meeting as the Shareholder's proxy
- ii. A proxy appointment is signed by a Shareholder but does not name the proxies in whose favour it is given or otherwise under a default appointment according to the terms of the proxy form

the person acting as chairman in respect of an item of business at the Scheme Meeting must act as proxy under the appointment in respect of that item of business.

Proxy appointments in favour of the chairman of the Scheme Meeting, the TRO Company Secretary or any Director which do not contain a direction will be voted in support of the Scheme Resolution at the Scheme Meeting.

A Shareholder who has submitted a proxy has the right to appoint a proxy (who need not be a Shareholder) to represent him, her or it at the Scheme Meeting, other than the chairman of the Scheme Meeting, by inserting the name of their chosen proxy in the space provided for that purpose on the proxy form. A Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half the votes.

A Shareholder who has deposited a proxy form may revoke it prior to its use, by instrument in writing executed by the Shareholder or by his, her or its attorney duly authorised in writing or, if the Shareholder is a company, executed by a duly authorised officer or attorney in compliance with applicable law and deposited at the Australian Registry or the Canadian Registry at any time up to and including the last Business Day preceding the day of the Scheme Meeting or with the chairman of the Scheme Meeting on the day of, and prior to the start of, the Scheme Meeting.

(d) Voting by corporate representative

To vote in person at the Scheme Meeting a Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.

To vote by corporate representative at the Scheme Meeting, a corporate Shareholder may obtain an appointment of corporate representative form from TRO, complete and sign the form in accordance with the instructions on it, and lodge the form at the registration desk on the day of the Scheme Meeting.

The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative, is taken as being evidence of a representative having been appointed.

The chairman of the Scheme Meeting may permit a person claiming to be a representative to exercise the body's powers even if they have not produced a certificate or other satisfactory evidence of their appointment.

(e) Voting by attorney

If a Shareholder executes or proposes to execute any document, or do any act, by or through an attorney which is relevant to the Shareholder's shareholding in TRO, that Shareholder must deliver the instrument appointing the attorney to TRO for notation.

Shareholders wishing to vote by attorney at the Scheme Meeting must, if they have not already presented an appropriate power of attorney to TRO for notation, deliver to TRO (at the address provided in Section 4.4(b) of this Scheme Booklet) the original instrument appointing the attorney or a certified copy of it by 2.00pm (Sydney time) on 26 July 2014.

Any power of attorney granted by a Shareholder will, as between TRO and that Shareholder, continue in force and may be acted on, unless the contrary is evident from the express terms of the power of attorney, or express notice in writing of its revocation or the death of the relevant Shareholder has been lodged with TRO.

4.5 Voting by Canadian Beneficial Holders

If you are not registered as a Shareholder but you are a Canadian Beneficial Holder and wish to attend and vote at the Scheme Meeting, you should read this Section for directions on how to vote. Other beneficial holders should consider Section 4.4 and consult their nominee or trustee.

If you are a Canadian Beneficial Holder, you must be appointed by the applicable intermediary as a proxyholder to attend and vote in person at the Scheme Meeting.

Canadian Beneficial Holders who have not objected to their intermediary disclosing certain ownership information about themselves to TRO are referred to as Non-Objecting Beneficial Shareholders. Those Canadian Beneficial Holders who have objected to their intermediary disclosing ownership information about themselves to TRO are referred to as Objecting Beneficial Shareholders.

In accordance with applicable Canadian securities legislation, TRO has elected to seek voting instructions directly from Non-Objecting Beneficial Shareholders. As a result, Non-Objecting Beneficial Shareholders can expect to receive a Voting Instruction Form together with this Scheme Booklet from the Canadian Registry. The Voting Instruction Form is not a proxy and cannot be used as a proxy at the Scheme Meeting. This Voting Instruction Form should be completed and returned to the Canadian Registry in accordance with its instructions. The Canadian Registry will tabulate the results of the Voting Instruction Forms received from Non-Objecting Beneficial Shareholders and provide appropriate instructions at the Scheme Meeting with respect to the TRO Shares represented by such Voting Instruction Forms.

TRO will distribute copies of this Scheme Booklet to intermediaries for distribution to all Objecting Beneficial Shareholders who have not waived their rights to receive these materials. Often, intermediaries will use a service company to forward such documents to Objecting Beneficial Shareholders. With this Scheme Booklet the intermediaries will provide Objecting Beneficial Shareholders with a Voting Instruction Form. The Voting

Instruction Form is not a proxy and cannot be used as a proxy at the Scheme Meeting. When properly completed this Voting Instruction Form will constitute voting instructions which the intermediary must follow.

The mechanisms described in Sections 4.3 and 4.4 for Shareholders to attend and vote at the Scheme Meeting, cannot be used by Canadian Beneficial Holders and the instructions on the Voting Instruction Form must instead be followed. The Voting Instruction Form is provided instead of a personalised proxy form. By returning the Voting Instruction Form in accordance with its instructions, a Canadian Beneficial Holder is able to direct how their TRO Shares are to be voted at the Scheme Meeting. However, the Voting Instruction Form does not allow the Shareholder to attend the Scheme Meeting or to vote in person at the Scheme Meeting (except as described above).

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the Canadian Beneficial Holder with respect to the voting of certain TRO Shares or, where under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those TRO Shares on one or more of the matters that come before the Scheme Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter.

All proxy-related material sent by TRO to Canadian Beneficial Holders has been sent using information (as to name, address and shareholdings) obtained from the intermediaries pursuant to, and in accordance with, applicable securities legislation. By electing to send materials directly to Non-Objecting Beneficial Shareholders, TRO (and not the intermediary) has assumed responsibility for (i) delivering this Scheme Booklet to you; and (ii) executing proper voting instructions.

4.6 Notice Record Date and Voting Record Date

The Directors have fixed:

- 20 June 2014 as the Notice Record Date, which is the date for determining which Canadian Beneficial Holders must be provided with the Notice of Scheme Meeting and Voting Instruction Form.
- 26 July 2014 as the Voting Record Date, which entitles TRO Shareholders recorded on the Register at 2.00pm (Sydney time) on such date to vote at the Scheme Meeting.

Any person who becomes a Shareholder by acquiring TRO Shares between the Notice Record Date and the Voting Record Date and wishes to vote at the Scheme Meeting by proxy should contact the Canadian Registry or Australian Registry for further information on how to do so. Any person who becomes a Canadian Beneficial Holder between the Notice Record Date and the Voting Record Date and wishes to vote at the Scheme Meeting should contact their broker or intermediary for instructions on how to do so.

4.7 Shareholder information line

If, after reading this Scheme Booklet, you have any questions about the Scheme Resolution, Scheme or the Scheme Meeting, please contact the TRO Shareholder Information Line:

- In North America by telephone: +1 905 727 8688
- International callers by telephone: +61 2 9299 7800
- In Australia by telephone: (02) 9299 7800
- By email at: inquire@triauxmin.com

or consult your legal, investment, taxation or other professional adviser.

5. Key considerations

The purpose of this Section 5 is to identify significant issues for you to consider in relation to the Scheme.

Before deciding how to vote at the Scheme Meeting, you should carefully consider the factors discussed below and the risk factors outlined in Section 10, as well as the other information contained in this Scheme Booklet.

5.1 Background

On 10 March 2014, HRR and TRO announced that they had entered into the Scheme Implementation Agreement in relation to the Scheme. Under the Scheme, HRR will acquire all of the TRO Shares. The Scheme is a scheme of arrangement between TRO and TRO Shareholders under Part 5.1 of the Corporations Act (under Australian law).

The Scheme is subject to, among other things, approval by the Requisite Majority of TRO Shareholders at the Scheme Meeting, approval by the Court pursuant to Section 411(4)(b) of the Corporations Act on the Second Court Date and the satisfaction or waiver (where applicable) of certain conditions.

If the Scheme becomes Effective, TRO will become a wholly-owned Subsidiary of HRR and will be delisted from ASX and TSX. TRO is expected to be delisted from the TSX approximately five Business Days prior to the Record Date and from ASX shortly following the Implementation Date. TRO Shareholders (except Ineligible Foreign Shareholders) will be issued New HRR Shares as Scheme Consideration for the transfer of their TRO Shares to HRR, resulting in existing HRR Shareholders and TRO Shareholders owning approximately 70% and 30% of the HRR Shares respectively immediately after the implementation of the Scheme.

Please refer to Section 2.10 for further information regarding the ASX and TSX listings of HRR.

5.2 What you will receive under the Scheme

HRR has entered into the Deed Poll under which it has undertaken in favour of Scheme Participants to, subject to the Scheme becoming Effective, acquire all of the TRO Shares held by Scheme Participants, that is, each person who is a TRO Shareholder at 7.00pm (Sydney time) on the Record Date for the Scheme Consideration, being 1 New HRR Share for every 2.33 TRO Shares¹¹ on issue in accordance with the terms of the Scheme and the Scheme Implementation Agreement (with fractional entitlements rounded down to the nearest whole number of New HRR Shares).

For example, if a Scheme Participant holds 100,000 TRO Shares as at 7.00pm (Sydney time) on the Record Date, that Scheme Participant (assuming they are not an Ineligible Foreign Shareholder) would be entitled to 42,918 New HRR Shares under the Scheme if the Scheme becomes Effective.

(a) New HRR Shares

If the Scheme becomes Effective, on the Implementation Date, the New HRR Shares will be issued by HRR to Scheme Participants or to the Ineligible Foreign Shareholder Nominee in respect of TRO Shares held by Ineligible Foreign Shareholders and HRR will register the holders of those New HRR Shares in HRR's register of members.

The New HRR Shares will be fully paid ordinary shares in the share capital of HRR and will rank equally in all respects with all existing HRR Shares. Upon issue, the New HRR Shares will be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest. A summary of the rights and liabilities attaching to the New HRR Shares is included at Section 7.9.

It is the intention that the New HRR Shares will be listed on ASX and TSX (subject to ASX and TSX approval). Accordingly, Scheme Participants who wish to trade their New HRR Shares on the open market may do so on the ASX or the TSX (subject to ASX and TSX approval). New HRR Shares will (subject to TSX approval) be quoted and traded on TSX in C\$. The C\$ value of New HRR Shares will depend on the C\$/A\$ exchange rate at the time.

The value of the New HRR Shares may increase or decrease after the Implementation Date based on movements in the A\$/C\$ exchange rates.

Further details of the general tax considerations in relation to the Scheme Consideration can be found in Section 9.

¹¹ Unless the person is an Ineligible Foreign Shareholder, in which case they will receive the net proceeds of the sale (in cash) of their relevant entitlement to HRR Shares. See Section 5.2(b).

(b) Ineligible Foreign Shareholders

Restrictions in certain foreign countries may make it impractical or unlawful for New HRR Shares to be offered or issued under the Scheme to TRO Shareholders in those countries.

TRO has been advised by HRR that, as at the date of this Scheme Booklet, a Scheme Participant whose address is shown in the Register as being within the following jurisdictions: (a) Australia (and its external territories); (b) New Zealand; (c) Canada; (d) United States of America (subject to the requirements of any applicable state securities laws); (e) United Kingdom; (f) Hong Kong (where (i) the Scheme Participant is a "professional investor" (as defined in the Securities and Futures Ordinance of Hong Kong) and/or (ii) the number of non-professional investors in Hong Kong does not exceed 50); or (g) Switzerland will be entitled to have New HRR Shares issued to them pursuant to the Scheme. Scheme Participants whose addresses shown in the Register is in a jurisdiction outside the abovementioned jurisdictions will be regarded as an Ineligible Foreign Shareholder for the purposes of the Scheme, unless HRR is satisfied, acting reasonably, that it is permitted to allot and issue New HRR Shares to that Scheme Participant pursuant to the Scheme by the laws of that place.

HRR is under no obligation to, and will not, allot or issue, any New HRR Shares to any Ineligible Foreign Shareholder. Instead, if the Scheme becomes Effective, HRR will issue the New HRR Shares to which the Ineligible Foreign Shareholder would otherwise have been entitled to the Ineligible Foreign Shareholder Nominee to deal with as follows.

HRR must:

- i. Procure that the Ineligible Foreign Shareholder Nominee, as soon as reasonably practicable after the Implementation Date, sells on market, those New HRR Shares for the benefit of the Ineligible Foreign Shareholders.
- ii. Pay, or procure the payment, to the Ineligible Foreign Shareholders the net proceeds of sale of those New HRR Shares (on an average basis so that all Ineligible Foreign Shareholders receive the same price per New HRR Share, subject to rounding, after deduction of any applicable brokerage, stamp duty and other costs, taxes and charges), at the Ineligible Foreign Shareholders' risk, in full satisfaction of the Ineligible Foreign Shareholders' rights under the Scheme.

If you are an Ineligible Foreign Shareholder, you will receive the proceeds of the sale of your New HRR Shares by a cheque drawn on a bank considered appropriate by HRR, at the discretion of HRR, in Canadian dollars, Australian dollars or in the local currency of the country in which your address appears on the Register. You will receive this cheque by pre-paid airmail post sent to your address as it appears on the Register on the Record Date.

The Ineligible Foreign Shareholder Nominee will sell the New HRR Shares in such manner, on ASX or TSX, at such price and on such other terms as the Ineligible Foreign Shareholder Nominee determines in consultation with HRR.

TRO, HRR and the Ineligible Foreign Shareholder Nominee give no assurance as to the price that will be achieved from the sale of New HRR Shares for Ineligible Foreign Shareholders by the Ineligible Foreign Shareholder Nominee.

(c) Fractional entitlements

If, pursuant to the calculation of your Scheme Consideration, you would be entitled to a fraction of a New HRR Share, your entitlement will be rounded down to the nearest whole number of New HRR Shares.

5.3 Competing Proposals

During the Exclusivity Period, pursuant to the Scheme Implementation Agreement, TRO must not (and must not communicate an intention to):

- i. Solicit, invite or initiate any Competing Proposal for TRO or any enquiries, negotiations or discussions with a third party which may lead to a Competing Proposal for TRO.
- ii. Enter into, continue or participate in any negotiation, discussion, arrangement or understanding in connection with a possible Competing Proposal for TRO or other material asset disposals or spin-off or other restructuring.
- iii. Permit any third party to receive non-public information in respect of any TRO Group member which may lead to that third party formulating, developing or finalising a Competing Proposal for TRO or other material asset disposals or spin-off or other restructuring.

The prohibitions referred to in paragraphs (ii) and (iii) above do not apply to the extent they require the TRO Board to take or refuse to take any action with respect to a Competing Proposal for TRO (which was not solicited, invited or initiated by a TRO Group member or any of its representatives or advisers in contravention of the prohibition referred to in paragraph (i) above) provided that the TRO Board determines in good faith and acting reasonably that:

- such Competing Proposal is, or is likely to result in, a Superior Proposal for TRO; and
- after having received written advice from their legal advisers, failing to respond to such Competing Proposal would reasonably be likely to constitute a breach of the TRO Board's fiduciary or statutory duties.

If TRO receives a Competing Proposal for TRO that the TRO Board determines, acting in good faith and reasonably in order to satisfy what the TRO Board considers to be their fiduciary or statutory duties (and after having received written advice from their financial and legal advisers), is, or is likely to result in, a Superior Proposal and therefore the TRO Board wishes to change, qualify or withdraw its recommendation that TRO Shareholders approve the Scheme, TRO must give notice (and material terms) of the Competing Proposal to HRR. HRR has the right, but not the obligation, within 5 Business Days of receipt of that notice to offer to vary the terms of the Scheme so that such Competing Proposal would no longer be a Superior Proposal.

Your Directors will carefully consider any unsolicited Competing Proposal received from a third party (provided it does not breach the terms of the Scheme Implementation Agreement) and inform you of any material developments. However, presently your Directors are not aware of any such proposals.

5.4 Directors' recommendation

The Directors believe that the Scheme is in the best interests of TRO Shareholders, and they unanimously recommend that TRO Shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders.

The Directors have formed their conclusion and made their recommendation on the Scheme based on the reasons outlined in Section 5.5 below.

Each of the Directors (set out in Section 6.10) intend to vote, or procure the voting of, any TRO Share controlled by them at the time of the Scheme Meeting, in favour of the Scheme at the Scheme Meeting (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders).

5.5 Reasons to vote in favour of the Scheme

(a) *Your Directors recommend the Scheme*

Your Directors unanimously recommend that, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders, you vote in favour of the Scheme.

(b) *The Independent Expert has concluded that the Scheme is in your best interests*

The Independent Expert, Value Adviser Associates, has reviewed the terms of the Scheme and concluded that, in the absence of a Superior Proposal, the Scheme is fair and reasonable, and in the best interests of Shareholders.

The Independent Expert has assessed the fair market value of TRO Shares, before the Scheme, to be \$0.054 per TRO Share (using a share price approach). The Independent Expert has estimated the fair market value of the Scheme Consideration for every 1 TRO Share (unless you are an Ineligible Foreign Shareholder) post the proposed Scheme to be \$0.0541 (using a share price approach). Accordingly, the Independent Expert has concluded that the Scheme is fair and reasonable, and in the best interests of TRO Shareholders.

TRO Shareholders should understand that the value of the Scheme Consideration could change as a result of, amongst other things, exchange rates or the prospects for the assets of HRR. More information in relation to these risks is set out in Section 10 and in the Independent Expert's Report.

A copy of the Independent Expert's Report is set out in Annexure A. This report should be read in its entirety, including the assumptions on which the conclusions are based.

(c) *The implied value of the Scheme Consideration represents a premium over the pre-announcement trading prices of TRO Shares*

Based on the 7 March 2014 closing price of HRR Shares on ASX (being the last trading day before the Announcement Date),¹² the implied value of the Scheme Consideration represents:

- A **48%** premium to TRO's 30-day VWAP (for the 30-day period ending on 7 March 2014) on ASX
- A **53%** premium to TRO's (TOR) 30-day VWAP (for the 30-day period ending on 7 March 2014) on TSX.¹³

The implied value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the HRR Share price.

The C\$ value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the A\$/C\$ exchange rate.

(d) *The Scheme is supported by TRO's major shareholders*

TRO's Chairman, Dr James Gill, and Tri Origin Exploration Limited, who together, hold 26.4% of TRO's issued share capital as at the date of this Scheme Booklet, have indicated their intention to vote their TRO Shares in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders.

(e) *TRO requires access to funds to maintain its business activities and if the Scheme is not implemented and no alternative proposal emerges, TRO would need to obtain funding for its business activities and to repay the HRR Convertible Notes*

TRO's cash balance as at 31 March 2014 was \$1,573,957, which would necessitate TRO acquiring access to further funding sources in the short term to maintain its business activities and to meet expenditure obligations related to keeping TRO's mineral exploration tenements in good standing. If the Scheme is implemented, the Merged Entity should have funds, based on the cash balance of HRR as at 31 March 2014,¹⁴ to undertake further studies to investigate the feasibility of pursuing the advancement of the Woodlawn Project.

If the Scheme is not Effective (and therefore, is not implemented) and no alternative proposal emerges, TRO will have to immediately raise finance in order to maintain its business activities.

In addition, if the Scheme does not become Effective and the Scheme Implementation Agreement is terminated, TRO would need to either repay the HRR Convertible Notes of \$1.3 million plus interest at the rate of 8% per annum (which as at 15 May 2014, amounts to a total of approximately \$1.318 million), or issue TRO Shares to HRR of equivalent value at an issue price of A\$0.04 per TRO Share (which, if such TRO Shares were issued, would result in HRR holding an approximately 12% interest in TRO, based on the issued share capital of TRO as at the date of this Scheme Booklet). HRR has the option of choosing whether to be repaid its HRR Convertible Notes in cash or TRO Shares. However, other than on the maturity of the HRR Convertible Notes, if HRR chooses to be repaid in TRO Shares, TRO may, notwithstanding such election, choose to repay the outstanding amount of the HRR Convertible Notes in cash (instead of TRO Shares).

See Section 11.12 for further information about the HRR Convertible Notes.

Therefore, if the Scheme does not become Effective, TRO would need to raise funds in the short-term. Such fundraising may be by way of debt or equity. If it is by way of equity, such fundraising could dilute existing Shareholders. In addition, there is no guarantee that raising funds in the short term will be successful or will be on standard commercial terms.

(f) *You will have the opportunity to receive New HRR Shares and participate in the future performance of the Merged Entity*

Your Directors believe that ownership of New HRR Shares will provide you with a number of benefits, including the following:

- (i) Enhanced financial capacity

¹² See Section 7.11 for more information about the recent performance of HRR's Share price.

¹³ Applying the daily C\$ to A\$ exchange rate during that period which varied between 0.996 to 1.041.

¹⁴ According to HRR's unaudited financial statements as at 31 March 2014.

As at 31 March 2014 the Merged Entity had cash and cash equivalents of approximately A\$35.2 million and listed investments worth approximately A\$5.1 million.¹⁵ This cash balance enables HRR to undertake further studies to investigate the feasibility of pursuing the advancement of the Woodlawn Project and other earlier stage base and precious metal projects.

(ii) **Significant Ore Reserve and Mineral Resource base**

Please refer to Section 6.8 for information relating to TRO's Ore Reserves and Mineral Resources and refer to Section 7.3 for information relating to HRR's Mineral Resources.

(iii) **Experienced management team**

New HRR will have an experienced management and technical team with extensive exploration, mine development, operating and financial expertise.

Following implementation of the Scheme, HRR and TRO have agreed that senior management of the Merged Entity will include Wayne Taylor (the current CEO and Managing Director of TRO) as the CEO and Managing Director, and Ian Buchhorn (the current Managing Director of HRR) as an Executive Director. The biography of Mr Taylor can be found on the TRO website (www.triausmin.com) or in the TRO 2013 Annual Report. The biography of Mr Buchhorn can be found in Section 7.6.

(g) ***HRR intends to obtain TSX listing***

An application has been made to obtain TSX listing for HRR, so that (if such listing is obtained) North American shareholders can benefit from being able to trade their HRR Shares on a North American market, and the Merged Entity can maintain and develop relationships in those markets. However, such listing is subject to TSX approval and there can be no guarantee that such approval will be obtained.

Although it is a condition precedent to the Scheme becoming Effective that, before 8.00am on the Second Court Date, the TSX's consent for the listing and posting for trading on the TSX of the New HRR Shares is obtained (subject only to the satisfaction of listing conditions of the TSX), this condition is for the benefit of HRR and can be waived by HRR. See Section 10.2(b) in the "Risk Factors" Section for further information.

Refer to Section 2.10 for further information.

(h) ***If the Scheme is not implemented and no alternative proposal emerges, the TRO Share price may return to pre-Scheme announcement levels***

If the Scheme is not implemented and no alternative proposal emerges, TRO will remain an independent company and will continue its current activities, subject to it being able to raise the funds to do so (see Section 5.5(e)).

Even if TRO is able to raise the funds to continue its current activities, it is possible that TRO's Share price will return to pre-Scheme levels, and may, depending on the terms of its fundraising, drop below pre-Scheme levels. However, it is difficult to predict the future TRO Share price movement with any certainty.

(i) ***Eligible TRO Shareholders who are Australian residents for taxation purposes should be able to obtain CGT scrip-for-scrip roll-over relief***

Eligible TRO Shareholders who are Australian residents for tax purposes and who would otherwise realise a capital gain on the disposal of their TRO Shares in return for New HRR Shares under the Scheme should generally be able to obtain CGT scrip-for-scrip roll-over relief.

Further details in relation to tax considerations can be found in Section 9.

(j) ***Eligible Holders for Canadian tax purposes may be able to obtain a full or partial tax deferral***

Eligible Holders for Canadian tax purposes who receive New HRR Shares in exchange for their TRO Shares may be able to obtain a full or partial tax deferral in respect of the disposition of their TRO Shares under the Scheme.

Further details in relation to tax considerations can be found in Section 9.

(k) ***TRO Shareholders (other than Ineligible Foreign Shareholders) will not be required to pay any brokerage costs***

¹⁵ According to HRR's unaudited financial statements as at 31 March 2014.

TRO Shareholders (other than Ineligible Foreign Shareholders) will not be required to pay any brokerage costs in connection with the disposal of their TRO Shares under the Scheme.

However, if you sell your TRO Shares on-market on ASX or TSX, you may incur such costs.

5.6 Possible disadvantages of the Scheme

Some of the reasons why you may decide to vote against the Scheme are set out below. You should note that even if you decide to vote against the Scheme, it may still be implemented if it is approved by the Requisite Majority of TRO Shareholders at the Scheme Meeting and by the Court pursuant to Section 411(4)(b) of the Corporations Act.

(a) *You may disagree with your Directors' unanimous recommendation or the Independent Expert's conclusion*

You may not agree with the Directors' unanimous recommendation or the Independent Expert's conclusion.

(b) *The Merged Entity may be subject to a number of risks to which TRO is not currently exposed*

If the Scheme becomes Effective, Scheme Participants (other than Ineligible Foreign Shareholders) will be issued New HRR Shares. TRO Shareholders who receive and retain New HRR Shares under the Scheme may be subject to certain risks, including the following:

- Financial matters.
- Business and operations.
- Specific projects.
- Acquisitions.
- Equity market sentiment.
- Specific commodity market prices.
- Integration of TRO and HRR into the Merged Entity.

TRO already faces many of these risks. However, a number of risks will be new (such as Western Australia and Queensland State Mining Laws) and could be potentially greater in impact than is currently the case for TRO.

Further details of these risks can be found in Section 10.

(c) *You may not want to change your current investment profile*

The operational profile, capital structure, size and share liquidity of the Merged Entity will be different from that of TRO on a stand-alone basis.

It is possible that certain TRO Shareholders may wish to maintain an interest in TRO as an independent company because they are seeking an investment in a listed company with the specific characteristics of TRO.

(d) *You may prefer TRO to be exposed to the opportunity for increased value from remaining as a stand-alone entity*

You may believe that TRO will continue to grow and TRO Shareholders will have the opportunity for greater returns over the long term by continued investment in TRO as an independent company.

(e) *A Superior Proposal for TRO may materialise in the future*

It is possible that, if TRO were to continue as an independent company, a Superior Proposal for TRO which is more attractive for TRO Shareholders than the Scheme may materialise in the future. Your Directors are not currently aware of any such proposals and there is no certainty a proposal would ever emerge. The implementation of the Scheme would mean that you would not obtain the benefit of any such proposal.

Until the Scheme becomes Effective, there is nothing preventing third parties from making unsolicited Competing Proposals for TRO.

If an unsolicited Competing Proposal is received and the TRO Board determines, acting in good faith and reasonably in order to satisfy their fiduciary and statutory duties (and after having received written advice from their financial and legal advisers), is, or is likely to result in a Superior Proposal, and the TRO Board

wishes to change, qualify or withdraw its recommendation that Shareholders approve the Scheme, TRO must first provide HRR with all material terms of the Competing Proposal and HRR has 5 Business Days within which to propose a variation to the Scheme so that the Competing Proposal received would no longer be a Superior Proposal.

If a Competing Proposal for TRO emerges, your Directors will keep you informed of any material developments.

Details regarding the exclusivity arrangements under the Scheme Implementation Agreement can be found in Annexure F.

(f) *The exact value of the Scheme Consideration on implementation of the Scheme is not certain*

The exact value of the Scheme Consideration that would be realised by Scheme Participants upon implementation of the Scheme is not certain because it is dependent on the price at which HRR Shares trade at the Implementation Date and the A\$/C\$ exchange rate at the Implementation Date.

If the market value of HRR Shares declines, the value of the Scheme Consideration received by Scheme Participants will also decline. Variations in the price of HRR Shares may occur as a result of changes in, or market perceptions of changes in, the business, operations or prospects of the Merged Entity, regulatory considerations, general market and economic conditions, commodity price changes, changes in currency exchange rates and other factors over which the Merged Entity has no control.

Refer to Section 10 for a description of some of the risk factors.

(g) *If you are an Ineligible Foreign Shareholder, your New HRR Shares will be issued to the Ineligible Foreign Shareholder Nominee to be sold, which may result in a tax liability*

If the Scheme becomes Effective, HRR will issue the New HRR Shares to which Ineligible Foreign Shareholders would otherwise have been entitled, to the Ineligible Foreign Shareholder Nominee who will then sell those New HRR Shares on the market and remit the proceeds (net of applicable brokerage, stamp duty and other costs, taxes and charges) to the Ineligible Foreign Shareholders. The sale of those New HRR Shares may result in a tax liability for the Ineligible Foreign Shareholders.

See Section 5.2(b) for further information in relation to Ineligible Foreign Shareholders.

Further details in relation to tax considerations can be found in Section 9.

5.7 Other relevant considerations

(a) *The Scheme is conditional*

The Scheme is conditional on approval by the Requisite Majority of TRO Shareholders and by the Court.

The Scheme is also conditional on a number of other conditions including regulatory approvals, which are summarised in Annexure F. As at the date of this Scheme Booklet, your Directors are not aware of any matter which they expect will result in a breach of, or lead to non-performance of, any of those conditions.

(b) *All or nothing proposal*

If the Scheme is approved by the Requisite Majority of TRO Shareholders and the Court and all of the other conditions to the Scheme are either satisfied or waived (where applicable):

- i. The Scheme will bind all Scheme Participants, including those who do not vote on the Scheme Resolution and those who vote against it, meaning that all Scheme Participants will have their TRO Shares transferred to HRR and will receive the Scheme Consideration (or in the case of Ineligible Foreign Shareholders, the net proceeds of sale of the relevant New HRR Shares).
- ii. TRO will become a wholly-owned Subsidiary of HRR.
- iii. HRR will become listed on TSX (subject to TSX approval).
- iv. TRO will be delisted from both ASX and TSX.

If any of the conditions to the Scheme are not satisfied or waived (where applicable), the Scheme Implementation Agreement may be terminated and the Scheme will not be implemented.

(c) *What happens if the Scheme is not implemented?*

There can be no certainty that the Scheme will be implemented. The implementation of the Scheme is subject to a number of conditions precedent, certain of which are outside the control of TRO. There can be

no certainty, nor can TRO provide any assurance, that these conditions will be satisfied or waived (where applicable), or if satisfied, when they will be satisfied.

The consequences of the Scheme not being implemented include:

- i. Scheme Participants will retain their TRO Shares, will not receive the Scheme Consideration, and will continue to be exposed to the risks associated with their investment in TRO Shares.
- ii. TRO will need to either repay the HRR Convertible Notes of \$1.3 million plus interest at the rate of 8% per annum or issue TRO Shares to HRR of equivalent value at an issue price of A\$0.04 per TRO Share (if HRR is repaid in TRO Shares, this would result in HRR holding an approximately 12% interest in TRO, based on the share capital of TRO as at the date of this Scheme Booklet). HRR has the option of choosing whether to be repaid its HRR Convertible Notes in cash or TRO Shares. However, other than on the maturity of the HRR Convertible Notes, if HRR chooses to be repaid in TRO Shares, TRO may, notwithstanding such election, choose to repay the outstanding amount of the HRR Convertible Notes in cash (instead of TRO Shares).

Refer to section 11.12 for further details.

- iii. TRO will need to immediately raise funds to maintain its business activities, to meet expenditure obligations related to keeping TRO's mineral exploration tenements in good standing and to repay the HRR Convertible Notes (if HRR is to be repaid in cash).

Such fundraising may be by way of debt or equity. If it is by way of equity, such fundraising could dilute existing Shareholders. In addition, there is no guarantee that raising funds in the short term will be successful or will be on standard commercial terms (that is, the terms of such fundraising may be unfavourable to TRO and its Shareholders).

- iv. The existing TRO Board and management will continue to operate TRO's business. However, TRO will need to immediately raise funds to maintain its business activities as its cash balance as at 31 March 2014 is \$1,573,957. See Sections 5.5(e) and 6.9 for more information.
- v. The expected benefits of the Scheme (as set out in Section 5.5) will not be realised.
- vi. TRO will have incurred significant costs and management time.
- vii. TRO may be liable to pay the TRO Break Fee to HRR under certain conditions. The TRO Break Fee is \$250,000 (plus GST, if applicable) and is payable if (amongst other circumstances):
 - any TRO Director withdraws, qualifies or changes his recommendation or support of the Scheme, other than where the Independent Expert has opined that the Scheme is not in the best interests of TRO Shareholders (provided that the reasons for such opinion does not include the existence of a Competing Proposal); or
 - TRO announces a Superior Proposal.

However, no TRO Break Fee will be payable solely because the Scheme is not approved by the Requisite Majority of TRO Shareholders. For further details in relation to the TRO Break Fee, see Annexure F.

- viii. TRO will have incurred transaction costs in connection with the Scheme. TRO expects to pay fees and other expenses related to the Scheme of approximately \$300,000, including filing fees, legal and accounting fees, fees to the Independent Expert, regulatory fees and mailing cost. It should be noted, however, these transaction costs would be incurred even if the Scheme is implemented.

(d) Warranties from Scheme Participants

Under the terms of the Scheme, Scheme Participants will be taken to have represented and warranted to TRO and HRR that at the date of transfer of all TRO Shares under the Scheme:

- all their TRO Shares (including any rights and entitlements attaching to those shares) will be fully paid and free from all Encumbrance and restrictions on transfer of any kind; and
- they have full power and capacity to sell and to transfer all of their TRO Shares (including any rights and entitlements attaching to those shares) to HRR under the Scheme.

These representations and warranties are set out in clause 7.3(b) of the Scheme which is contained in Annexure D of this Scheme Booklet.

5.8 What are your options and what should you do?

You have the following four options in relation to your TRO Shares. TRO encourages you to consider your personal risk profile, portfolio strategy, tax position and financial circumstances and seek professional advice before making any decision in relation to your TRO Shares.

(i) **Vote in favour of the Scheme at the Scheme Meeting**

If you support the Scheme, you should vote in favour of the Scheme.

To vote in favour of the Scheme, you need to vote in favour of the Scheme Resolution at the Scheme Meeting. For directions on how to vote at the Scheme Meeting, and important voting information generally (including for Canadian Beneficial Holders), please refer to Section 4 and Annexures B and C.

(ii) **Vote against the Scheme at the Scheme Meeting**

If you do not support the Scheme, you may vote against the Scheme Resolution at the Scheme Meeting.

However, you should note that if all of the conditions to the Scheme are satisfied or waived (where applicable), including the Shareholder and Court approvals, the Scheme will bind all TRO Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting or those who do not vote at all.

(iii) **Sell your TRO Shares on ASX or TSX**

The proposed Scheme does not preclude you from selling your TRO Shares on market for cash, if you wish, provided you do so before close of trading in TRO Shares on ASX on the Effective Date (Sydney time) if the sale is to occur on ASX or if the sale is to occur on the TSX, before close of trading in TRO Shares on TSX on the Effective Date (Toronto time).

If you sell your TRO Shares on market for cash, you:

- (i) Will not be entitled to receive the Scheme Consideration.
- (ii) May be liable for CGT on such disposal and may incur a brokerage charge.
- (iii) Will not be able to participate in a Superior Proposal, if one emerges, noting that, as at the date of this Scheme Booklet, your Directors have not received notice from any third party of an intention to make any unsolicited Competing Proposal.

(iv) **Do nothing**

If you decide to do nothing, you should note that if all of the conditions to the Scheme are satisfied or waived (where applicable), including the Shareholder and Court approvals, the Scheme will bind all TRO Shareholders, including those who vote both for or against the Scheme Resolution at the Scheme Meeting or those who do not vote at all.

6. Information about TRO

6.1 General

This Section 6 contains information in relation to TriAusMin Limited (TRO).

The Independent Expert's Report in Annexure A of this Scheme Booklet contains further additional information on TRO.

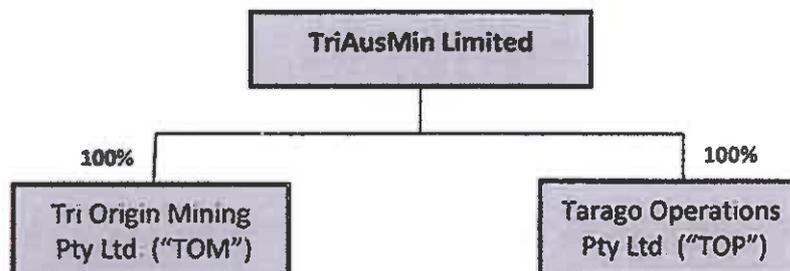
TRO is engaged in the exploration and development of base and precious metal deposits in the Lachlan Fold Belt of New South Wales, Australia. TRO's projects include the Woodlawn Project, the Lewis Ponds Project, as well a number of other quality exploration properties within this mineral province.

TRO's registered office for Australian law purposes is at Suite 702, 191 Clarence Street, Sydney NSW 2000.

TRO is listed on both the ASX and the TSX. Copies of announcements made by TRO to the ASX are available on the ASX website (www.asx.com.au) (trading symbol on the ASX is "TRO") and under TRO's profile on SEDAR (www.sedar.com) (trading symbol on the TSX is "TOR").

6.2 Organisation

The following organisational chart illustrates TRO's principal Subsidiaries and the percentage of voting securities beneficially owned or over which control or direction is exercised by TRO. All Subsidiaries are Australian registered legal entities.



6.3 Mineral Properties

Historically, the Lachlan Fold Belt is a significant producer of copper, lead, zinc and gold and over the past 10 years has become one of the leading producing regions of gold and copper in Australia. This mineral province has been targeted by TRO because it:

- Is host to several world-class mines including the Cadia-Ridgeway and Northparkes Mines.
- Has relatively low costs of production due to well established infrastructure.
- Has large, prospective areas which remain under explored and available for exploration.
- Has a stable political environment with a clear regulatory framework to achieve project approvals (as demonstrated through TRO's receipt of approvals for the Woodlawn Project).

Despite apparent extensive exploration activity since the 1850's when gold was first discovered near Lewis Ponds, the important ore bodies at Cadia, Ridgeway, The Peak, Lake Cowal, Brown's Creek, Endeavor and Northparkes were only developed in the late 1980's and early 1990's. The application of new exploration technology in old mining areas produced these new mines. TRO's discovery of Kate lens at Woodlawn in 2013 is an example of a discovery using new technology.

TROs properties include:

| NAME | TENEMENT LEASE |
|----------|---|
| Woodlawn | SML 20 Woodlawn (under transfer to TRO) |
| | EL 7257 Woodlawn |
| | EL 7954 Cullarin (Golden Cross JV) |
| | EL 7468 Cullarin South |
| | EL 7469 Mulloon |

| | |
|-------------|---------|
| | |
| Lewis Ponds | EL 5583 |
| | |
| Overflow | EL 5878 |
| | EL 7941 |
| | |
| Calarie | ML 739 |
| | EL 7023 |

All tenements are in good standing with respect to NSW Division of Resources and Energy (DRE) licencing commitments.

TRO retains mineral/product marketing rights to all of its properties.

Upon implementation of the Scheme, the material assets of HRR will be the mineral projects of TRO.



Figure 1: Regional Map of Lachlan Fold Belt and TRO's mineral projects

6.4 Woodlawn Project

TRO holds both direct and joint venture interests in a number of exploration properties centred around the past-producing Woodlawn Mine situated 40 kilometres (km) south of Goulburn and 200km south-west of Sydney, NSW. It is TRO's current aim to create a profitable, long life and low cost mineral processing operation at Woodlawn that produces base and precious metal concentrates.

The Woodlawn mine operated from 1978 to 1998 and processed 13.8 million tonnes (Mt) of ore from the Woodlawn open pit, underground and satellite deposits grading 9.1% zinc, 1.6% copper; 3.6% lead, 74 grams per tonne (g/t) silver and 0.5g/t gold. The mine was closed in March 1998 due to prevailing low metal prices and corporate issues faced by the mine owner at the time, that were unrelated to the mine. TRO saw the potential of the property and upon closure purchased 100% ownership of the mineral rights contained within the Woodlawn Mining Licence. Since that time, TRO's work has focussed on evaluating the potential to re-process the existing tailings left on site from previous operations, the potential to re-develop the underground mine and exploring the regional Woodlawn land holdings to discover new, high grade deposits.

Surface rights to the Woodlawn site were separately purchased by Veolia Environmental Services (Australia) Pty Limited (Veolia) which now operates a waste management facility and bioreactor at the site. TRO has entered into various agreements with Veolia that provides for the physical boundaries to the respective working areas (including the steps to excise Veolia's surface area from SML 20), the option for TRO to either lease or purchase freehold land over its areas of operation and the structure through which aspects requiring a co-operative approach are addressed and administered.

TRO has defined three sub-projects that combined form the Woodlawn Project, namely the Woodlawn Tailings Retreatment Project (WRP), the Woodlawn Underground Project (WUP) and the Woodlawn Regional Exploration Project (WEP).

On 4 July 2013 TRO was granted final project approval for the WRP and WUP from the NSW Department of Planning and Infrastructure under Part 3A Major Projects of the NSW Environmental Planning and Assessment.

On 19 March 2014 TRO was notified that the Division of Resources and Energy, NSW Trade and Investment, had approved the transfer of title in SML 20 into the name of Tarago Operations Pty Ltd, a 100% owned Subsidiary of TRO. The approval includes the lease terms and conditions including the security bond of \$3.577 million, that will need to be provided prior to the commencement of on ground activity.

- **Woodlawn Tailings Retreatment Project (WRP)**

The WRP is designed to recover base metal concentrates from the Woodlawn tailings dams using industry proven high pressure water jet monitoring (hydraulic mining). Such process includes pumping the pulped tailings to a conventional concentrator to undergo re-grinding, thickening, flotation and filtering. The final product from filtering will be separate copper, lead and zinc concentrates. Precious metals (gold and silver) will mainly report to the lead and copper concentrates however zinc concentrates may also contain precious metals at levels of interest.

The tailings to be processed as part of the WRP are contained in three tailings dams which, between them, have a combined total Ore Reserve of 11.2Mt grading 2.22% zinc, 1.31% lead, 0.49% copper, 0.28 g/t gold and 31.05 g/t silver. TRO's objectives are that initial operations will extract tailings from the South Dam, followed by the West Dam and then finally the North Dam. Metallurgical test work indicates that optimal recovery of copper, zinc and lead will be achieved with finer grinding to 30 microns, which is finer than that achieved by the previous operations.

As a standalone operation the WRP's feasibility study concluded that a planned production rate of approximately 1.5 Mt per annum was optimal and which would result in a mine life of approximately 7.5 years.



Figure 2: Existing Tailings Dams

- **Woodlawn Underground Project (WUP)**

An independent group, SMG Consultants, calculated a JORC compliant Measured plus Indicated Mineral Resource of 8.6 Mt (plus a further Inferred Mineral Resource of 1.5 Mt) that formed the basis for evaluating the potential to re-develop the Woodlawn underground mine. These Mineral Resources are detailed in the

Statement of Mineral Resources which follows, and were independently estimated and are reported at a cut-off grade of 7% zinc equivalent.

Based on the calculations by SMG Consultants, 85% of the Mineral Resources are in the Measured and Indicated categories with a significant proportion of the mineralisation located adjacent to the existing underground workings. It has not yet been determined exactly how much of this material is recoverable and this is the subject of further studies and review work.

TRO drill programs from 2012 and 2013 indicate that the high grade ore lenses previously mined could extend below the former mine workings. Given this, the TRO Board believes that additional resources should be delineated in this area and would assist in supporting the possibility of a long life underground mine.

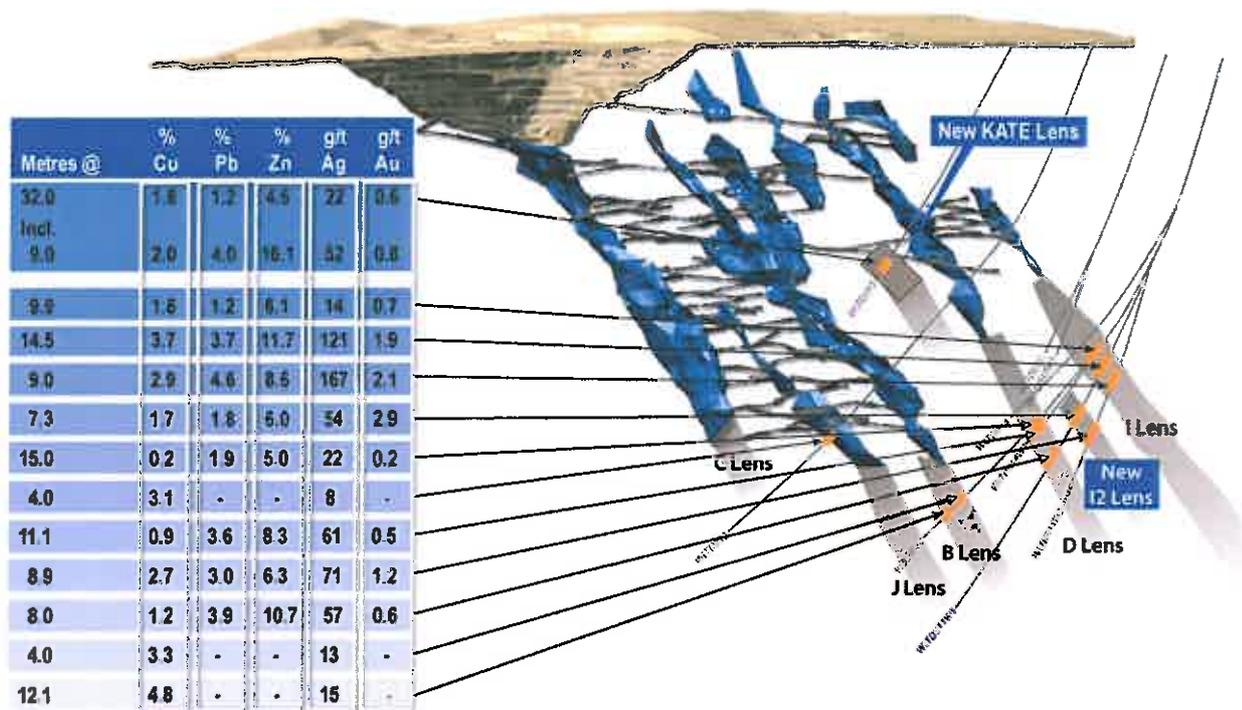


Figure 3: Selected Recent Drilling Results Woodlawn Underground

TRO has also recently engaged in a thorough review of available exploration data along with the construction of a regional scale structural model with the aim of formulating a prioritised list of new exploration targets.

An extensive amount of data and information available from 40+ years of exploration and 20 years of mining at Woodlawn has enabled TRO to build a detailed interpretation of geology and mineralisation on a localised scale. The use of three dimensional modelling has greatly assisted the geological interpretation resulting in the successful 2012 and 2013 drilling campaigns.

• **Woodlawn Regional Exploration Project (WEP)**

Based on the information currently available to the TRO Board, the exploration potential for additional discoveries in the region surrounding the Woodlawn Mine is considered by the TRO Board to be good given TRO's land position over the highly prospective geology, the fact that Volcanogenic Massive Sulphide (VMS) deposits tend to occur as localised clusters and the positive results from previous exploration. Evidence of regional opportunities is demonstrated by the Currawang deposit located 10km northwest from the Woodlawn Mine and the Cowley Hills deposit located 2km north from Woodlawn. Both of these high grade VMS deposits were mined by the previous mine operator and used as supplementary feed for the operation.

The targeted aim of the WEP is to identify high grade base metal satellite feed opportunities within trucking distance of the Woodlawn processing plant.

The exploration projects that comprise the WEP include EL 7257 'Woodlawn', EL 7469 'Mulloon', EL 7468 'Cullarin South' and EL 7954 'Cullarin JV'. In total this comprises approximately 418 square kilometres (km²) of land holdings, in and around the Woodlawn site, covering prospective Silurian-aged felsic volcanics.

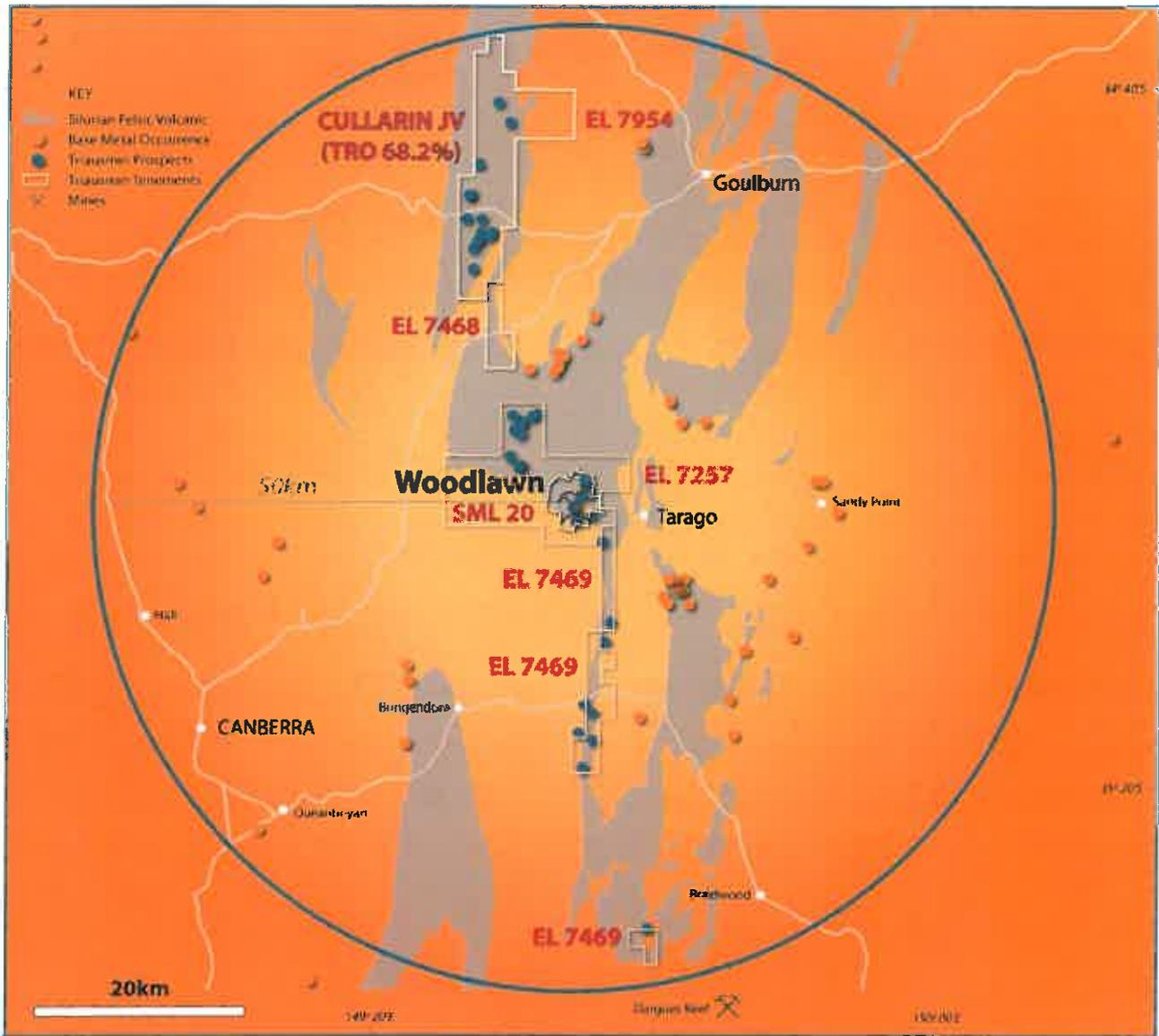


Figure 4: Woodlawn Project map showing tenements

Near-Mine Exploration (EL 7257, TRO 100%)

EL 7257 encompasses SML 20 (Figure 5), the Woodlawn Mine Site and covers the prospective felsic and mafic volcanic stratigraphy that hosts numerous prospects including the former Currawang Mine and the Montrose, Willeroo and Pylara prospects. Known mineralisation styles include disseminated to massive sulfides in hydrothermally altered and brecciated basalts (e.g. Currawang Mine massive sulfide in a pipe-like body, Rowlands, Currawang Creek and Currawang South Prospects), disseminated to massive sulfides developed within or at the stratigraphic contact on felsic volcanics (Montrose Prospect) and gossans developed upon black shales that are geochemically anomalous in base metals (Willeroo).

The majority of the prospects in the northwest of the property are hosted within the Currawang Basalt, a recessive-weathering lithology that rarely forms outcrop; consequently only limited information can be gathered from fieldwork across this unit. However, historical drilling has shown that disseminated sulfide mineralisation occurs at several prospects hosted by this unit.

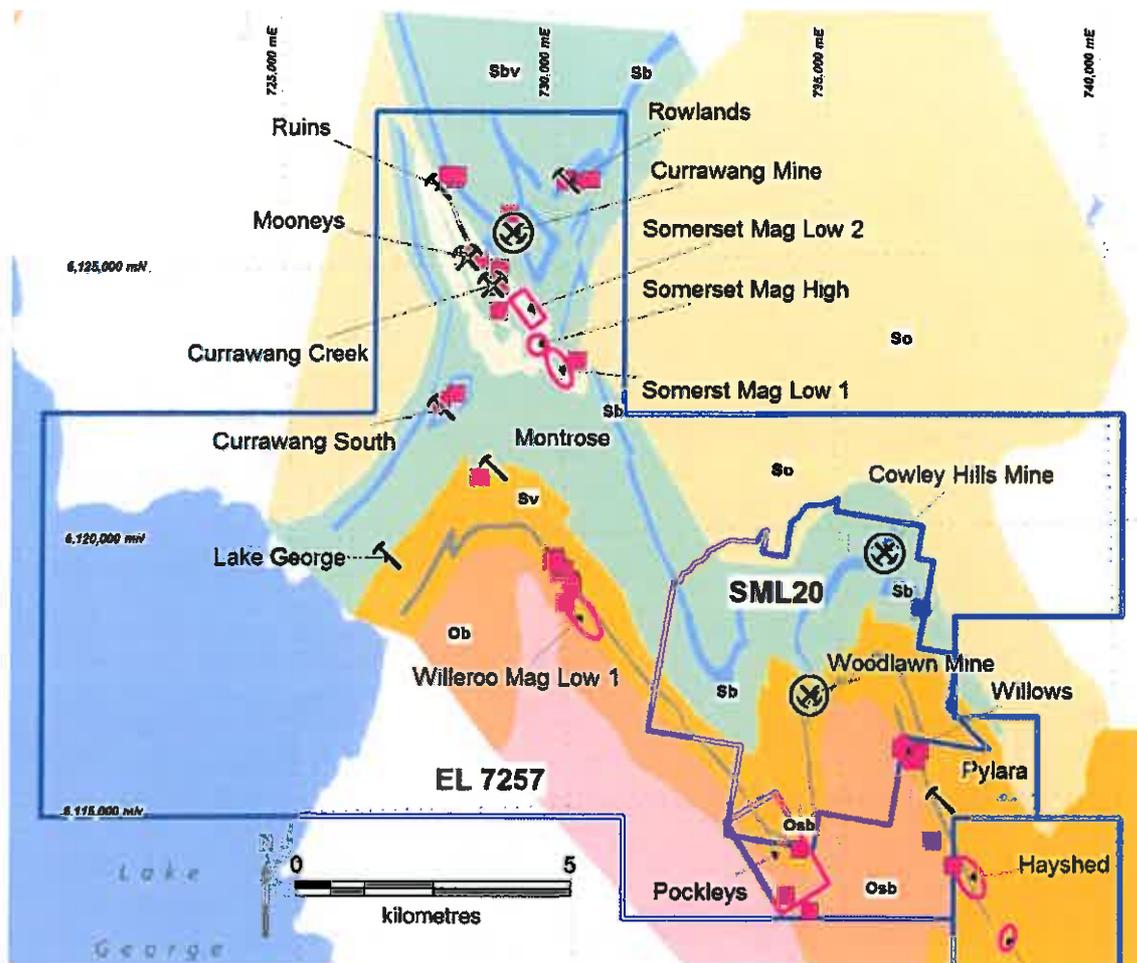


Figure 5: Map showing EL 7257 and SML 20 tenement outlines, prospects, major structures, mines and magnetic anomalies 2013 TRO rock samples (magenta squares) and bedrock geology (coloured polygons). Grid shown is MGA GDA94 zone 55S, grid spacing is 5km. Geology key (from youngest to oldest): Ge = Ellendale Granite (Devonian), So = Covan Ck Fm (Siluro-Devonian), Sbv = Currawang Volcanics (Silurian), Sb = black shale (Silurian), Sv=Woodlawn (felsic) Volcanics, Oab = Merrigan Black Shale (?Ordovician), Ob = black shale (Ordovician).

Mulloon (EL 7469, TRO 100%)

EL 7469 "Mulloon" covers 62 km² split into two parcels. The larger northern parcel adjoins EL 7257 to its southeast and covers the southern extension of the prospective Late Silurian Mount Fairy Group. The southern parcel covers the Long Flat Volcanics comprising felsic volcanics and volcanoclastics of Devonian age. Regional stratigraphy strikes north-south. The tenement covers a large number of historic mineral occurrences including barite and base metals and a number of industrial limestone occurrences. Many of the base metal occurrences appear to be shear hosted and occur on, or immediately adjacent to the contact between the Silurian and Ordovician meta-sediments. Several targets have been identified.

Hayshed Prospect: rock chip samples (located on Mulloon immediately southeast of EL 7257) recently obtained were strongly anomalous in Au-As-Bi-Cu-Pb-Sb-Zn, possibly indicative of mesothermal or intermediate sulfidation style systems. Gold values of up to 2.65g/t were returned from samples along a NW striking structure representing a new prospect.

Old Griffin Shaft: this shaft and a series of shallow prospecting pits occur at the northernmost end of the Mulloon line of historical copper mines. Recent rock chip samples returned values ranging from 2.05% to 4.76% Cu with strongly anomalous Ag.

Cullarin Joint Venture (EL 7954, TRO 68.2%, GCR 31.8%)

The Cullarin JV is centred 20km west of Goulburn and is the northernmost tenement within TRO's WEP (Figure 4). The tenement covers 158km² of well-mineralized north-south trending Silurian-aged felsic sediments and volcanoclastics fault bounded on the east by the Lake George Fault and the Cullarin Fault on

the west. EL 7954 covers 30 historic mineral occurrences, (several of which were former producing mines) that span an array of mineral deposit styles. Prospects include the Gurrundah barite (stratiform) deposit, the Wet Lagoon South gold deposit, a number of historical iron copper mines (magnetite-chalcopyrite skarns) such as the Breadalbane B2 Quarry and a cluster of narrow, high-grade, shear-hosted copper mines along a 3km strike of the Lake George Thrust. Mineralisation consists of semi-massive to massive chalcopyrite-pyrite in strongly sheared metasediments and quartz veins.

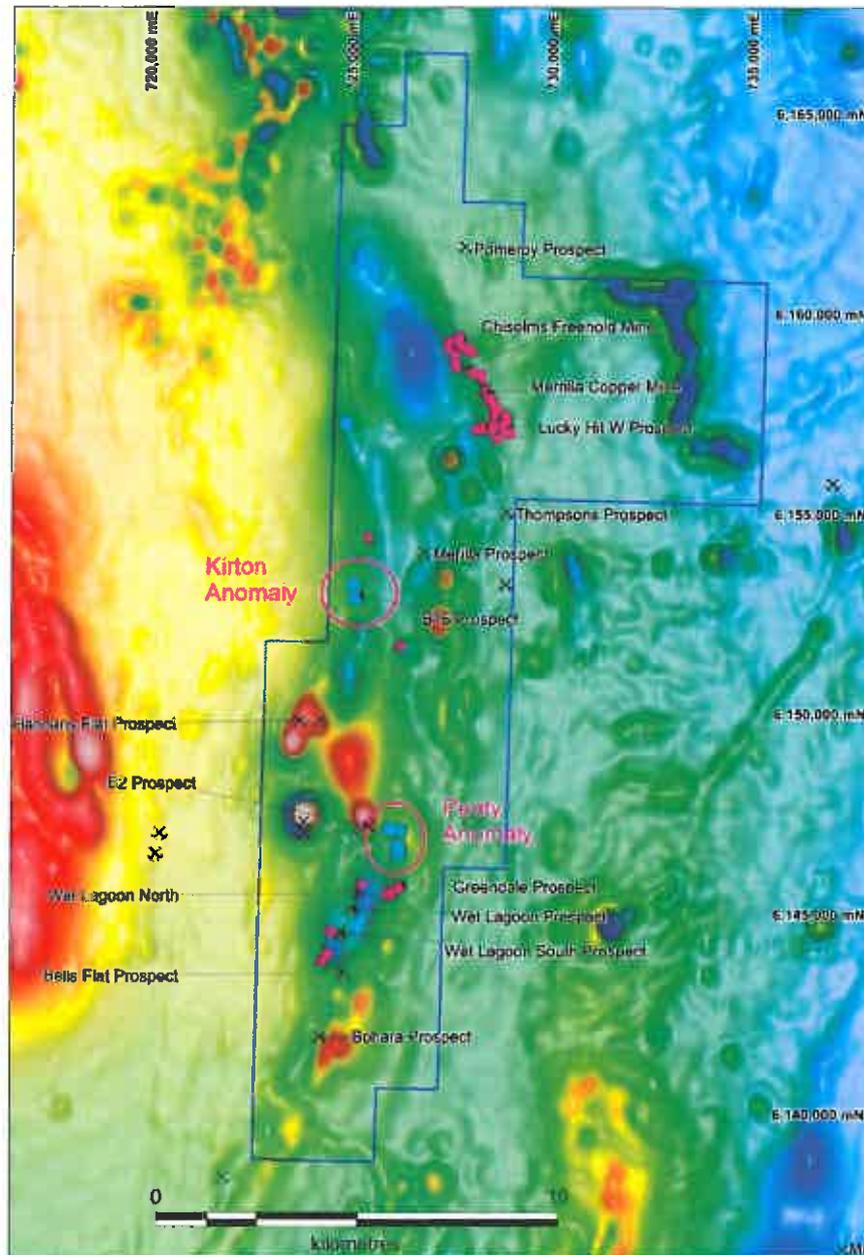


Figure 6: Cullarin JV, EL 7954. Map showing target areas of field work (circled) and rock samples (turquoise squares) taken during the December 2013 quarter. Smaller magenta squares are other rock samples collected by TRO earlier in 2013, background image is TMI RTP aerial magnetics. Grid shown is GDA94 MGA Zone 55.

Cullarin South (EL 7468, TRO 100%)

Cullarin South covers 20km² of the northwest strike extension of the Silurian-aged felsic volcanics that host the Woodlawn VMS mines. This property is strategically located between EL 7257 and EL 7954. The stratigraphy comprises south-plunging, strongly folded Ordovician Adaminaby Group overlain by Woodlawn Volcanics and the Covan Creek Formation.

6.5 Lewis Ponds Project (EL 5583, TRO 100%)

The Lewis Ponds tenement (EL 5583) centred 15km east of Orange in Central NSW, 200km west of Sydney and covers 164km² (Figure 7). The property lies within a belt of Silurian-aged felsic volcanics and associated sedimentary rocks on the western margin of the Hill End Trough. The district of Lewis Ponds has had a long history of mining with the discovery of gold in the 1850's and open pit and shallow underground mining during the period 1887 to 1921.

The region is prospective for a variety of deposit types notably VMS and orogenic gold deposits. The McPhillamys project is located 25km south of Lewis Ponds along the structural strike, hosting a resource of 2.5 million ounces of gold.

Tri Origin Australia NL (predecessor of TRO) commenced exploration in the region in 1991 which led to the discovery of the Lewis Ponds deposit. TRO acquired the Lewis Ponds tenement and by 2005 had established a JORC compliant Indicated Mineral Resources comprising Main and Tom's Zone of 6.35Mt grading 2.4% zinc, 0.2% copper, 1.4% lead, 1.5 g/t gold and 68 g/t silver (refer to the Statement of Mineral Resources which follows for details of tonnage and grade). The Lewis Ponds deposit consists of two stratabound, disseminated to massive sulfide lenses, Main Zone and Tom's Zone, which occur in a sequence of steeply dipping, tightly folded and faulted volcanic and marine sedimentary rocks. The deposit is highly deformed with mineralisation extending over a strike length of more than 2km.

Shallow RC drilling completed in late 2011 identified new zones of base and precious metal mineralisation that are located adjacent to the Main and Tom's Zones Resource. This drilling has identified the open pit potential in this area, subject to further drilling and technical studies.

Based on the information currently available to the TRO Board, the potential to increase Mineral Resources in the immediate vicinity of the Lewis Ponds deposit is considered by the TRO Board to be good and extensional and infill drilling is required at several targets. Further target generation work in the 'mine area' has included the incorporation of all relevant information into 3D modelled datasets. Exploration data compiled throughout the project area has identified numerous targets that require systematic follow up.

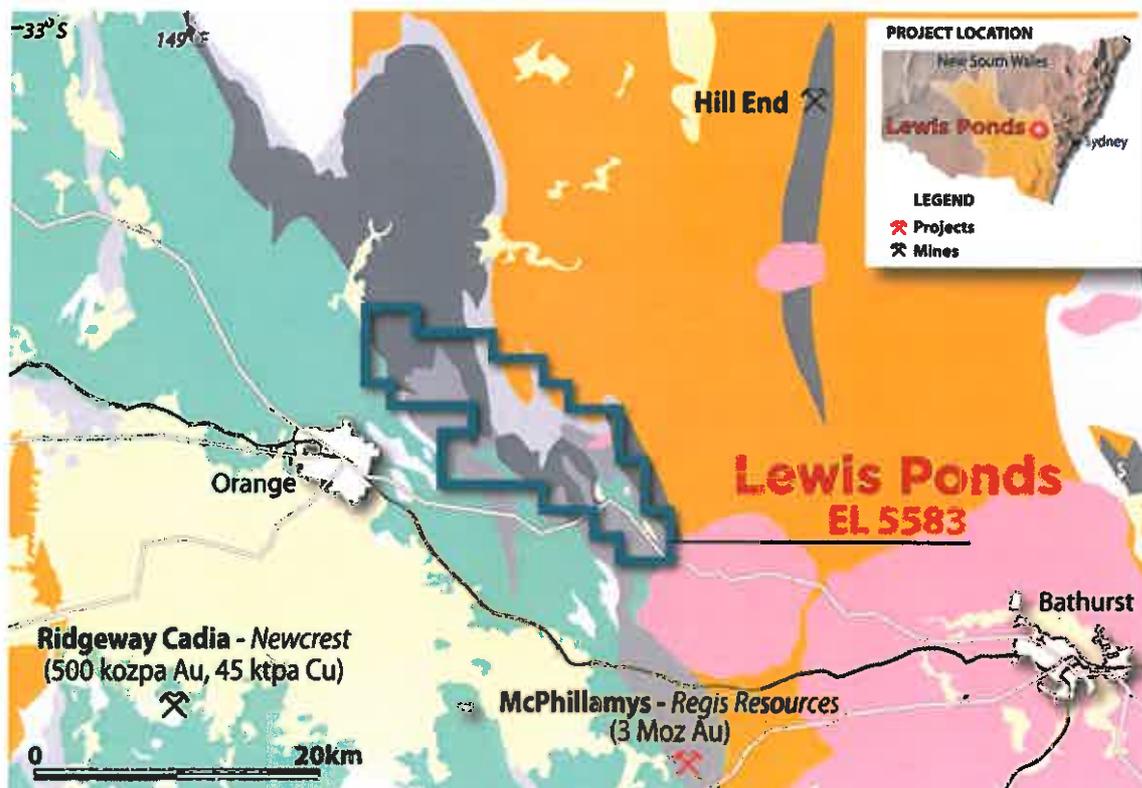


Figure 7: Lewis Ponds, EL 5583

6.6 Overflow Project (EL 5878 TRO 90.8%, EL 7941 TRO 100%)

The Overflow Project 120km southeast of Cobar within the western Lachlan Fold Belt. It is located 40km northwest along strike of KBL's Mineral Hill Mine and 45km southeast of YTC's Nymagee-Hera projects.

The project consists of EL 5878 and EL 7941 that cover 48km² of the regionally significant Coonara-Bluff Fault that controls mineralisation at several regional deposits including Mount Boppy, Canbelego and Mineral Hill. Local geology consists of the Girilambone Group basement unconformably overlain by Early Devonian, Kopyje Group felsic volcanics inter-fingered with shallow marine sediments of the Baledmund Formation.

The Overflow Mine (also known as Bobadah) was a significant past producer of gold, silver and lead. It has been assigned to various deposit styles including Cobar-style and intermediate sulfidation epithermal. Known mineralisation is clearly structurally controlled, is polymetallic, and is relatively short in strike length and widths but extensive down plunge. Mineralisation consists of three interpreted, steeply plunging, high grade shoots all of which remain open down plunge and require further drilling. A number of explorers have completed drilling at the mine with intercepts including: 4.6m at 8.5g/t Au, 7.1% Pb and 13.5% Zn; 10.0m at 4.4g/t Au, 3.0% Pb and 1.4% Zn; and 7.0m at 6.7g/t Au, 1.4 and 1.9% Zn (refer TRO ASX release 5 May 2014 for JORC compliant statement).

Outside the mine at least seven regional targets have been defined that have not been adequately tested.

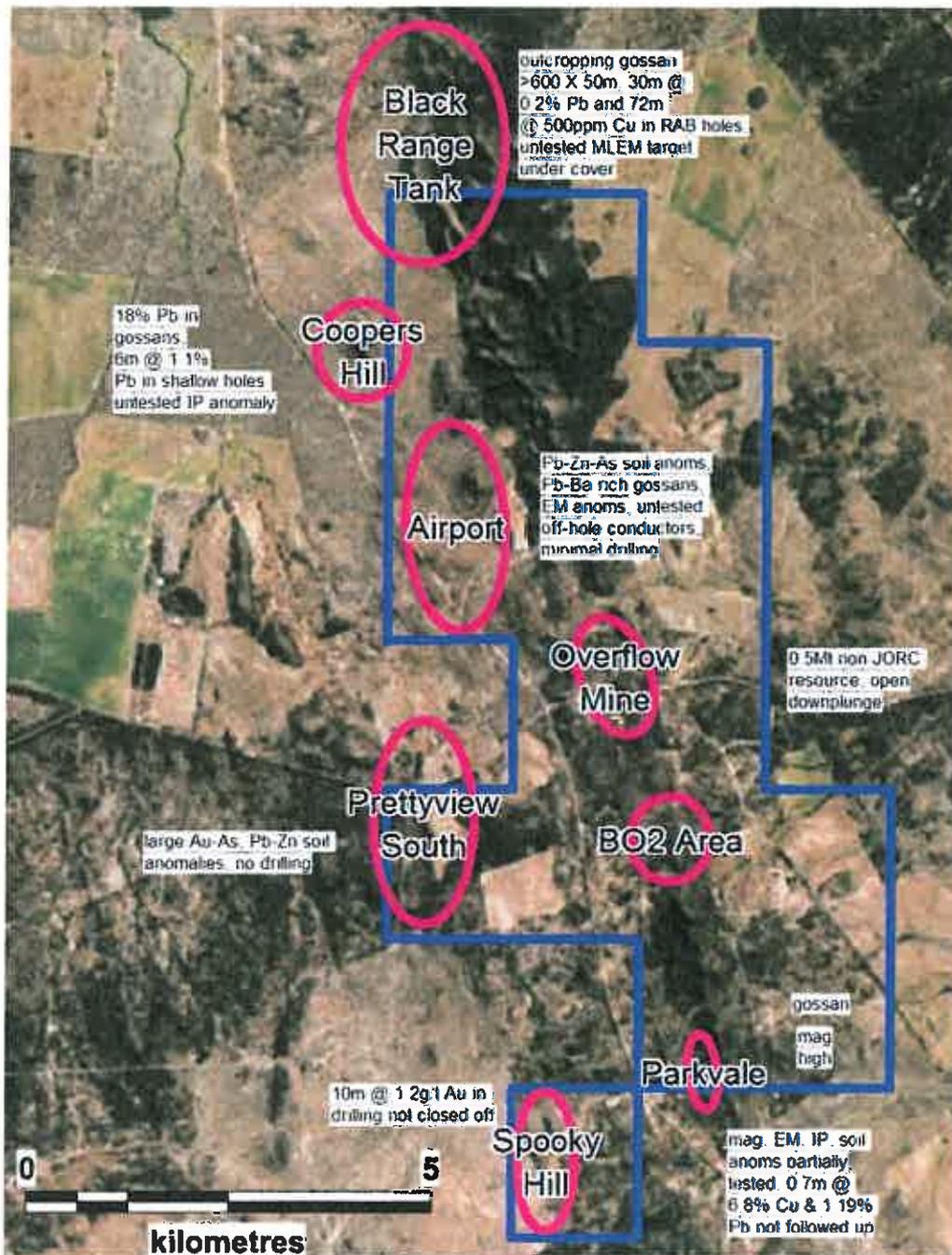


Figure 8: Overflow, EL 5878 and EL 7941. Regional targets within the Overflow Project over airborne magnetics

6.7 Calarie (ML 739 & EL 7023, 100% TRO, Kimberley Diamonds Farming-In)

The Calarie project comprises EL 7023 and ML 739 located near Forbes, 290km west of Sydney. Based on the information currently available to the TRO Board, the TRO Board considers that further work should be undertaken to investigate whether there is the possibility for the discovery of high-grade gold mineralisation amenable to underground mining at the Calarie Project. Calarie covers the historic Lachlan Gold Mine that operated between 1896 and 1908. The Lachlan Mine produced in excess of 612kg gold at an average grade of 23g/t. Mineralisation is hosted in the Daroobalgie Volcanics, a Late Ordovician andesite that forms part of the Macquarie Arc, host to several major mines including Cadia and Northparkes.

The Calarie property is subject to a Farm-In Agreement with Kimberley Diamonds Ltd (ASX:KDL, formerly Goodrich Resources (GRX)). The key terms of the agreement include Stage 1 \$500,000 spent prior to 3rd December 2013 (this was met), Stage 2 requires a further \$750,000 to be spent over the next 2 years and at the end of this period KDL can acquire a 75% interest in the tenement through a cash payment to TRO of \$500,000.

In 2012, KDL reported a modest near surface JORC compliant Inferred Resource of 0.5Mt grading 2.2g/t Au over the former mine workings.

6.8 Statement of Mineral Resources and Ore Reserves

TRO's independently estimated JORC-compliant Mineral Resources for each of its significant projects are as follows:

Table 1: Total Mineral Resources of TRO - Summary

| Project | Quantity (Mt) | Grades | | | | |
|--|------------------|-------------|-------------|-------------|-------------|-------------|
| | | Zn (%) | Cu (%) | Pb (%) | Au (g/t) | Ag (g/t) |
| Measured + Indicated Mineral Resource | | | | | | |
| Woodlawn Retreatment Project | 9.40 | 2.33 | 0.52 | 1.36 | 0.30 | 32 |
| Woodlawn Underground Project | 8.58 | 10.25 | 1.80 | 4.02 | 0.54 | 84 |
| Lewis Ponds Project | 6.35 | 2.4 | 0.2 | 1.4 | 1.5 | 68 |
| Total Measured + Indicated Mineral Resource | 24.33 | 5.14 | 0.89 | 2.31 | 0.70 | 60 |
| Inferred Mineral Resources | | | | | | |
| Woodlawn Retreatment Project | 2.25 | 2.10 | 0.44 | 1.30 | 0.27 | 31 |
| Woodlawn Underground Project | 1.52 | 9.60 | 1.65 | 4.08 | 0.61 | 87 |
| Lewis Ponds Project | 0.27 | 3.0 | 0.10 | 1.90 | 1.1 | 96 |
| Total Inferred Mineral Resource | 4.04 | 4.98 | 0.87 | 2.39 | 0.45 | 56 |

Note: Zn denotes zinc; Cu denotes copper, Pb denotes lead, Au denotes gold, and Ag denotes silver.

The following sections provide individual deposit Resource/Reserve reporting detail and Competent Person statements.

Woodlawn Retreatment Project - Mineral Resources

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

Details of the Mineral Resources for the WRP are as shown in Table 2:

Table 2: Woodlawn Retreatment Project - Mineral Resources

| Resource Class | Quantity (Mt) | Grades | | | | |
|--|------------------|-------------|-------------|-------------|-------------|-------------|
| | | Zn (%) | Cu (%) | Pb (%) | Au (g/t) | Ag (g/t) |
| Measured + Indicated Mineral Resources | | | | | | |
| North Dam | | | | | | |
| Measured | 0.83 | 2.35 | 0.43 | 1.43 | 0.29 | 35 |
| Indicated | 1.38 | 2.68 | 0.45 | 1.44 | 0.29 | 40 |
| Sub-Total | 2.21 | 2.56 | 0.44 | 1.44 | 0.29 | 38 |
| South Dam | | | | | | |
| Measured | 2.43 | 2.60 | 0.48 | 1.19 | 0.22 | 25 |
| Indicated | 1.17 | 2.44 | 0.48 | 1.19 | 0.22 | 23 |
| Sub-Total | 3.60 | 2.55 | 0.48 | 1.19 | 0.22 | 24 |
| West Dam | | | | | | |
| Measured | 2.05 | 2.00 | 0.60 | 1.46 | 0.39 | 36 |
| Indicated | 1.54 | 1.93 | 0.60 | 1.51 | 0.39 | 37 |
| Sub-Total | 3.59 | 1.97 | 0.60 | 1.48 | 0.39 | 36 |
| All Dams | | | | | | |
| Measured | 5.31 | 2.33 | 0.52 | 1.33 | 0.30 | 31 |
| Indicated | 4.09 | 2.33 | 0.52 | 1.40 | 0.31 | 34 |
| Total Measured + Indicated Mineral Resource | 9.40 | 2.33 | 0.52 | 1.36 | 0.30 | 32 |
| Inferred Mineral Resources | | | | | | |
| North Dam | 0.87 | 2.03 | 0.33 | 1.33 | 0.25 | 37 |
| South Dam | 0.90 | 2.32 | 0.47 | 1.19 | 0.23 | 24 |
| West Dam | 0.48 | 1.83 | 0.61 | 1.47 | 0.38 | 34 |
| Total Inferred Mineral Resource | 2.25 | 2.10 | 0.44 | 1.30 | 0.27 | 31 |

Refer to TRO press release on 11 November 2009.

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

The technical information in this Scheme Booklet relating to the Woodlawn Tailings Mineral Resources is based on information compiled by Mr Robin Rankin, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM) and accredited by the AusIMM since 2000 as a Chartered Professional (CP) in the geology discipline. Mr Rankin consults to TriAusMin Limited as Principal Consulting Geologist of independent geological consultancy GeoRes. He has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results and "qualified person" as this term is defined in Canadian National Instrument 43-101 ("NI 43-101"). Mr Rankin consents to the inclusion in this Scheme Booklet of the matters base on his information in the form and context in which it appears.

Woodlawn Retreatment Project - Ore Reserves

The following information on Ore Reserves was extracted from the Woodlawn Tailings Retreatment Project Technical Report NI 43-101 – December 15, 2009 authored by the independent international multi-disciplinary consulting firm, Roscoe Postle Associates (RPA) (formerly Scott Wilson Roscoe Postle Associates Inc.).

An earlier GeoRes mineral resource model was converted to a Surpac model for mine planning. In Scott Wilson RPA's opinion the Inferred Mineral Resources as estimated by GeoRes should be reclassified as Indicated Mineral Resources to give a total Measured and Indicated Resource of 11.65Mt @ 2.29% Zn, 0.50% Cu, 1.35% Pb, 0.30g/t Au and 31.9g/t Ag. The review of the resource block model showed some blocks that would not be recoverable by the proposed hydraulic mining method. The block model was modified to exclude these blocks. The resource block model was then adjusted to allow for dilution and recovery. Mining recovery was based on an average expected loss of 20 cm of tailings material in contact with other material. Additionally, a dilution value equivalent to 10 cm average vertical gain was added back to the product stream, with no grade to account for potential contamination from the original ground surface.

The remaining mineralisation was included in an economically viable life of mine plan and, in Scott Wilson RPA's opinion, constitutes Ore Reserves as summarized in Table 3.

Table 3: Ore Reserves

| Dam | Classification | Tonnes (Mt) | Grade | | | | |
|----------|----------------|----------------|-----------|-----------|-----------|-------------|-------------|
| | | | Cu (%) | Pb (%) | Zn (%) | Ag (g/t) | Au (g/t) |
| South | Proven | 2.43 | 0.47 | 1.15 | 2.52 | 23.89 | 0.21 |
| | Probable | 1.86 | 0.47 | 1.15 | 2.32 | 22.86 | 0.21 |
| | Prov + Prob | 4.29 | 0.47 | 1.15 | 2.43 | 23.44 | 0.21 |
| West | Proven | 2.05 | 0.59 | 1.42 | 1.94 | 34.63 | 0.36 |
| | Probable | 1.88 | 0.59 | 1.46 | 1.85 | 35.08 | 0.36 |
| | Prov + Prob | 3.93 | 0.59 | 1.44 | 1.90 | 34.85 | 0.36 |
| North | Proven | 0.83 | 0.42 | 1.39 | 2.28 | 34.89 | 0.27 |
| | Probable | 2.20 | 0.39 | 1.37 | 2.36 | 37.69 | 0.26 |
| | Prov + Prob | 3.03 | 0.40 | 1.38 | 2.34 | 36.92 | 0.26 |
| All Dams | Proven | 5.31 | 0.51 | 1.30 | 2.26 | 29.76 | 0.28 |
| | Probable | 5.94 | 0.48 | 1.33 | 2.19 | 32.22 | 0.28 |
| | Prov + Prob | 11.25 | 0.49 | 1.31 | 2.22 | 31.05 | 0.28 |

Refer to TRO press release on 30 November 2009.

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

The information in this Scheme Booklet relates to Ore Reserves associated with the Woodlawn Retreatment Project is based on information compiled by qualified person, Mr. Richard Lambert, P.E. a professional engineer and Registered Member of SME. Mr. Richard Lambert is Principal Mining Engineer and Executive Vice President of Roscoe Postle Associates, Inc. He is independent of TriAusMin applying the test set out in Section 1.4 of NI 43-101. He has sufficient experience relevant to the style of mineralization and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) and by reason of his education, affiliation with a professional association (as defined in NI43-101) and past relevant work experience, fulfils the requirements to be a "qualified person" for the purposes of NI43-101.

Notes:

1. CIM definitions were followed for ore reserves.
2. Ore Reserves are estimated at a zero cut-off grade.
3. Ore Reserves estimated using bulk density of 1.7 t/m³ for TDS, 1.85 t/m³ for TDW, 1.6 t/m³ for TDNU, and 1.35 t/m³ for TDNR.
4. Columns and rows may not add exactly due to rounding.

Woodlawn Underground Project

The independently estimated JORC-compliant Mineral Resources for the WUP consists of 8.58 Mt of Measured and Indicated Mineral Resources plus a further 1.52 Mt of Inferred Mineral Resources. The cut-off grade applied to the calculation of WUP Mineral Resources was 7.0% zinc equivalent. Block densities were individually calculated from block Zn, Pb and Fe values, with the average lens density ~3.7 t/m³ and zinc equivalent values were calculated from all the interpolated block grades (excluding Fe) using a formula based on metal prices.

The metal prices used to calculate the zinc equivalent values applied to the Mineral Resource estimate were:

| | | | | | |
|--------|-------|--------|----|-------|-------------|
| Zinc | 3,350 | USD/t | or | 152.0 | US Cents/lb |
| Copper | 7,350 | USD/t | or | 333.4 | US Cents/lb |
| Lead | 1,400 | USD/t | or | 63.5 | US Cents/lb |
| Gold | 570 | USD/oz | | | |
| Silver | 11 | USD/oz | | | |

Details of the Mineral Resource for the WUP are as shown in Table 4:

Table 4: Woodlawn Underground Project - Mineral Resources

| Resource Class | Quantity (Mt) | Grades | | | | |
|--|------------------|--------------|-------------|-------------|-------------|-------------|
| | | Zn (%) | Cu (%) | Pb (%) | Au (g/t) | Ag (g/t) |
| Measured | 3.60 | 10.38 | 1.82 | 3.99 | 0.53 | 85 |
| Indicated | 4.98 | 10.16 | 1.79 | 4.04 | 0.55 | 84 |
| Total Measured + Indicated Mineral Resource | 8.58 | 10.25 | 1.80 | 4.02 | 0.54 | 84 |
| Total Inferred Mineral Resource | 1.52 | 9.60 | 1.65 | 4.08 | 0.61 | 87 |

Refer to TRO press release on 29 January 2014.

The technical information in this Scheme Booklet relating to the Woodlawn Underground Mineral Resources is based on information compiled by Mr Robin Rankin, who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM) and accredited by the AusIMM since 2000 as a Chartered Professional (CP) in the geology discipline. Mr Rankin provided information to his Client TriAusMin Limited as paid consulting work in his capacity as Principal Consulting Geologist and operator of independent geological consultancy GeoRes. He and GeoRes are professionally and financially independent in the general sense and specifically of their Client and of the Client's project. The consulting was provided on a paid basis, governed by a scope of work and a fee and expenses schedule, and the results or conclusions reported were not contingent on payments. . He has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code) and "Qualified Person" as this term is defined in Canadian National Instrument 43-101 ("NI 43-101"). Mr Rankin consents to the inclusion in this report of the information in the form and context in which it appears.

Lewis Ponds Project

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

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

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

Details of the Mineral Resources for the Lewis Ponds Project are as follows:

Table 5: Lewis Ponds Project Mineral Resources

| Resource Category | Quantity (Mt) | Grades | | | | |
|------------------------|------------------|------------|------------|------------|-------------|-------------|
| | | Zn (%) | Cu (%) | Pb (%) | Au (g/t) | Ag (g/t) |
| Indicated | | | | | | |
| Main Zone | 5.82 | 2.1 | 0.1 | 1.1 | 1.5 | 59 |
| Tom's Zone | 0.54 | 5.5 | 0.3 | 3.8 | 1.7 | 172 |
| Total Indicated | 6.35 | 2.4 | 0.2 | 1.4 | 1.5 | 68 |
| Inferred | | | | | | |
| Main Zone | 0.17 | 1.7 | 0.1 | 0.8 | 0.9 | 47 |
| Tom's Zone | 0.10 | 5.0 | 0.2 | 3.6 | 1.4 | 174 |
| Total Inferred | 0.27 | 3.0 | 0.1 | 1.9 | 1.1 | 96 |

Refer to TRO press release on 6 October 2005.

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

The information in this Scheme Booklet relates to the mineral resource for Lewis Ponds is based on information compiled by Mr Robert Cotton, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Cotton is a full time employee of Mineral Appraisals Pty Ltd, consultant to TriAusMin Limited. Mr Cotton has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and "qualified person" as this term is defined in Canadian National Instrument 43-101 ("NI 43-101"). Mr Cotton consents to the inclusion in this report of the information in the form and context in which it appears.

6.9 Financial information

(a) Introduction

The selected historical financial information in this Section has been extracted from TRO's audited financial statements for the half-year ended 31 December 2013.

The information in this Section is a summary only and has been prepared solely for inclusion in this Scheme Booklet. The full financial accounts for the financial year ended 30 June 2013 (inclusive of all notes) of TRO were published in TRO's Annual Report 2013 and the audited Financial Report for the half year ended 31 December 2013 (inclusive of all notes) and the unaudited Quarterly Report ending 31 March 2014 of TRO are available from TRO's website www.triausmin.com and under TRO's profile on SEDAR at www.sedar.com (trading symbol on TSX is "TOR") and on ASX at www.asx.com.au.

For pro forma financial information for the Merged Entity, please refer to Section 8.4.

Basis of preparation

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

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

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

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

Exploration expenditure and mineral leases

The accounting policy requires that exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward if the rights to the area of interest are current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the tenement from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs will be determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Impairment of assets

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

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(b) Consolidated statement of comprehensive income

All amounts shown are expressed in Australian dollars

| | Six months ended December 31 | |
|--|---------------------------------|------------------|
| | 2013 \$ | 2012 \$ |
| Continuing operations | | |
| Other income | 14,711 | 22,609 |
| Employee benefits expense | (453,684) | (465,856) |
| Share based payments | (18,546) | (38,252) |
| Professional and legal fees | (156,735) | (85,753) |
| Occupancy Expenses | (33,199) | (36,197) |
| ASX/TSX Share registry expenses | (26,028) | (29,734) |
| Travel and accommodation | (61,214) | (65,404) |
| Insurance expense | (11,979) | (12,467) |
| Depreciation and amortisation | (11,142) | (11,051) |
| Computer expenses | (6,679) | (20,622) |
| Other expenses | (22,286) | (40,351) |
| Loss before income tax expense | (786,781) | (783,078) |
| Income tax expense | | |
| Loss after income tax expense for the half year | (786,781) | (783,078) |
| Other comprehensive income | - | - |
| Total comprehensive loss for the half year attributable to members | (786,781) | (783,078) |
| Loss per share attributable to the ordinary equity holders of the company | | |

All amounts shown are expressed in Australian dollars

Six months ended
December 31

| | 2013 | 2012 |
|--------------------------------|--------|--------|
| Basic loss per share (cents) | (0.31) | (0.35) |
| Diluted loss per share (cents) | (0.31) | (0.35) |

(c) **Consolidated statement of financial position**

| | 31 December 2013 \$ | 30 June 2013 \$ |
|--|---------------------------|-----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 799,303 | 1,499,788 |
| Receivables | 29,641 | 63,769 |
| Other current assets | 24,047 | 15,994 |
| TOTAL CURRENT ASSETS | 852,991 | 1,579,551 |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 188,605 | 199,747 |
| Exploration and evaluation expenditure | 27,777,647 | 28,025,323 |
| TOTAL NON-CURRENT ASSETS | 27,966,252 | 28,225,070 |
| TOTAL ASSETS | 28,819,243 | 29,804,621 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Trade and other payables | 134,506 | 367,366 |
| Provisions | 56,072 | 40,355 |
| TOTAL CURRENT LIABILITIES | 190,578 | 407,721 |
| NON-CURRENT LIABILITIES | | |
| Provisions | 30,000 | 30,000 |
| TOTAL NON-CURRENT LIABILITIES | 30,000 | 30,000 |
| TOTAL LIABILITIES | 220,578 | 437,721 |
| NET ASSETS | 28,598,665 | 29,366,900 |
| EQUITY | | |
| Contributed equity | 41,243,917 | 41,243,917 |
| Reserves | 2,969,300 | 2,950,754 |
| Accumulated losses | (15,614,552) | (14,827,771) |
| TOTAL EQUITY | 28,598,665 | 29,366,900 |

(d) **Consolidated statement of cash flows**

| | Six months ended December 31 | |
|--|---------------------------------|--------------------|
| | 2013 | 2012 |
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Payments to suppliers and employees | (740,811) | (748,857) |
| Interest received | 14,711 | 22,608 |
| Net cash used in operating activities | (726,100) | (726,249) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for property, plant and equipment | - | - |
| Payments for exploration activities | (679,862) | (1,232,840) |
| R & D Tax Refund (net of fees) | 705,477 | 141,923 |
| Net cash provided by/(used in) investing activities | 25,615 | (1,090,917) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares | - | 2,934,395 |
| Payment of share issue costs | - | (267,869) |
| Net cash provided by financing activities | - | 2,666,526 |
| Net (decrease)/increase in cash & cash equivalents held | (700,485) | 849,360 |
| Cash & cash equivalents at beginning of the reporting period | 1,499,788 | 1,448,575 |
| Cash & cash equivalents at the end of the reporting period | 799,303 | 2,297,935 |

6.10 Directors of TRO

As at the date of this Scheme Booklet, the directors of TRO are:

- Dr James W Gill – Independent Non-executive Chairman.
- William F Killinger AM – Independent Non-executive Director.
- Alan J E Snowden – Independent Non-executive Director.
- Wayne R Taylor – CEO and Managing Director.
- Dr Robert I Valliant - Independent Non-executive Director.

Current biographies of the Directors can be found on either the TRO website (www.triausmin.com) or in the 2013 Annual Report.

6.11 Directors Interests

As at the date of this Scheme Booklet, TRO Directors held interests in securities of HRR and TRO as follows:

| | Interests in TRO Shares | Interests in TRO Options | | Interests in HRR Shares | Interests in HRR Options |
|-------------------------|-------------------------|--------------------------|---|-------------------------|--------------------------|
| | | Number | Exercise Price | | |
| Dr James Gill | 37,223,010 | 500,000 | \$0.10 | Nil | Nil |
| Mr William Killinger AM | 2,442,082 | 600,000 | 300,000 @ \$0.25 100,000 @ \$0.115 200,000 @ \$0.06 | Nil | Nil |
| Mr Alan Snowden | 807,500 | 500,000 | 300,000 @ \$0.25 200,000 @ \$0.06 | Nil | Nil |
| Mr Wayne Taylor | 1,854,482 | 4,000,000 | 2,000,000 @ \$0.16 2,000,000 @ \$0.04 | Nil | Nil |
| Dr Robert Valiant | 3,191,444 | 2,200,000 | 2,000,000 @ \$0.25 200,000 @ \$0.10 | Nil | Nil |

Table 1

As mentioned elsewhere in this Scheme Booklet (including in Sections 2.1 and 6.14), it is a condition precedent to the Scheme becoming Effective that each TRO Option holder enters into a deed under which they agree to cancel their TRO Options in consideration for the issue of the Cancellation Consideration to that TRO Option holder. The Cancellation Consideration that TRO Option holders will be entitled to is 1 HRR Option for every 2.33 TRO Options cancelled. Each of the Directors has, or will prior to the Second Court Date, enter into a deed to cancel their TRO Options as specified above. Therefore, if the Scheme is implemented, each of the Directors will receive the number of HRR Options set out in the table below. The terms of each HRR Option granted will be the same as the terms of the relevant cancelled TRO Option, except that the exercise price for the HRR Option will be adjusted by multiplying the exercise price of the cancelled TRO Option by 2.33 (rounded to the nearest whole cent).

| | Entitlement to HRR Options | |
|-------------------------|---|--|
| | Number (rounded down to the nearest whole number) | Exercise Price |
| Dr James Gill | 214,592 | \$0.23 |
| Mr William Killinger AM | 257,509 | 128,755 @ \$0.58 42,918 @ \$0.27 85,836 @ \$0.14 |
| Mr Alan Snowden | 214,591 | 128,755 @ \$0.58 85,836 @ \$0.14 |
| Mr Wayne Taylor | 1,716,738 | 858,369 @ \$0.37 858,369 @ \$0.09 |
| Dr Robert Valiant | 944,205 | 858,369 @ \$0.58 85,836 @ \$0.23 |

Table 2

In addition, if the Scheme becomes Effective, Mr Wayne Taylor will become the CEO and Managing Director of HRR and Dr James Gill will become the Deputy Chairman of HRR. Existing TRO employment and director

conditions prevail immediately post-merger for Mr Taylor in his new role, whilst Dr Gill's remuneration for his new role will reflect those of the current HRR Chairman, which is currently an annual salary of \$100,000 inclusive of superannuation and eligibility to participate in the HRR employee share option plan.

Please also refer to Section 11.14 regarding the interests of TRO Directors.

6.12 TRO's issued securities

As at the date of this Scheme Booklet, the issued securities of TRO comprise:

- 251,389,050 TRO Shares.
- 8,583,333 TRO Options.
- 1.3 million convertible notes (with a face value of \$1.00 per convertible note) issued to HRR, which are convertible into 32,500,000 TRO Shares in accordance with its terms (see Section 11.12 for more information).

As at the date of the Scheme Booklet, to the knowledge of the Directors, the Substantial Shareholders of TRO are:

- Dr James W Gill – 37,223,010 shares (14.8%).
- Tri Origin Exploration Ltd – 29,270,023 shares (11.6%).

Other than as set out in this Scheme Booklet TRO is under no obligation to issue further TRO Shares before the implementation of the Scheme.

6.13 Employee Share Option Plan

Options over TRO Shares are granted to key management personnel other than TRO Directors under TRO's Employee Share Ownership Plan (ESOP) which was originally approved by shareholders at TRO's 2004 Annual General Meeting and later amended with shareholder approval at TRO's Annual General Meetings held on 23 November 2007, 23 June 2010 and 17 November 2011.

Participation in the ESOP is at the TRO's Board's sole discretion. For each TRO Option issued, the TRO Board specifies the vesting period, exercise price and exercise period in accordance with the provisions of the ESOP. Vesting of the TRO Options issued under the ESOP is a function of time served rather than the performance of the recipient or TRO. The exercise price of the TRO Options must be not less than the volume weighted average (VWAP) of the closing sale prices of TRO shares traded on the ASX over the five days on which the ASX was open for trading prior to the date of issue of the TRO Option. The exercise period cannot exceed five years.

Each TRO Option issued under the ESOP entitles its holder to subscribe for one TRO Share at the issue price specified, at any time from the issue date until the expiry of the TRO Option subject to any vesting requirements. The option holders are not entitled as a matter of course to participate in any share issues of TRO. TRO Options granted under the ESOP carry no dividend rights or voting rights.

TRO Options have also been issued from time to time to both Executive and Non-executive Directors. These TRO Options are not issued under the terms of the ESOP but are issued on terms that are approved by TRO Shareholders in a General Meeting, and vesting of these TRO Options may not be specifically based on time of service or performance of the recipient or of TRO. These TRO Options also carry no dividend rights or voting rights.

No amounts are paid or payable by recipients of TRO Options issued either under the ESOP or with specific TRO Shareholder approval, other than the exercise price which is payable upon exercising of the TRO Option to purchase the relevant TRO Shares.

6.14 TRO Options

As at the date of this Scheme Booklet, a total of 8,583,333 TRO Options were held by 11 holders. The number of TRO Options on issue will reduce if any TRO Options are exercised or expire after the date of this Scheme Booklet. It is a condition precedent to the Scheme becoming Effective that before 8.00am on the Second Court Date, all holders of TRO Options must agree in writing to cancel all of their TRO Options (which have not expired or been validly exercised) for the Cancellation Consideration (being 1 HRR Option for every 2.33 TRO Options, with the exercise price adjusted correspondingly). TRO Option holders retain the right to exercise their TRO Options at any time before the date that is five Business Days before the Record Date, even where they have agreed to a cancellation as referred to above.

TRO has obtained a waiver from ASX from the requirement to comply with Listing Rule 6.23.2 in relation to the cancellation of the TRO Options.

The following table contains the details of TRO Options that remain unexercised at the date of this Scheme Booklet.

Distribution of Option Holders

| | |
|-----------|--|
| 2,933,333 | Options to acquire ordinary shares at A\$0.25 expiring 24 June 2014 |
| 50,000 | Options to acquire ordinary shares at A\$0.25 expiring 23 June 2015 |
| 200,000 | Options to acquire ordinary shares at A\$0.115 expiring 27 June 2016 |
| 500,000 | Options to acquire ordinary shares at A\$0.10 expiring 18 November 2015 |
| 2,000,000 | Options to acquire ordinary shares at A\$0.16 expiring 19 March 2016 |
| 50,000 | Options to acquire ordinary shares at A\$0.115 expiring 4 February 2017 |
| 50,000 | Options to acquire ordinary shares at A\$0.095 expiring 13 June 2017 |
| 450,000 | Options to acquire ordinary shares at A\$0.06 expiring 23 October 2017 |
| 200,000 | Options to acquire ordinary shares at A\$0.10 expiring 21 November 2017 |
| 50,000 | Options to acquire ordinary shares at A\$0.075 expiring 22 February 2018 |
| 50,000 | Options to acquire ordinary shares at A\$0.065 expiring 13 March 2018 |
| 2,000,000 | Options to acquire ordinary shares at A\$0.04 expiring 20 November 2018 |
| 50,000 | Options to acquire ordinary shares at A\$0.04 expiring 31 January 2019 |

6.15 Further information

As an ASX listed company and a “disclosing entity” under the Corporations Act, TRO is subject to regular reporting and disclosure obligations. Broadly these require it to announce price sensitive information to ASX as soon as it becomes aware of the information subject to exceptions for certain confidential information. TRO’s most recent announcements are available from its website www.triausmin.com. Further announcements concerning TRO will continue to be made available on the website after the date of this Scheme Booklet.

ASX maintains files containing publicly available information about entities listed on its exchange. TRO’s files are available for inspection at the ASX during normal business hours and are available on the ASX website (www.asx.com.au).

Information relating TRO is also available on TRO’s profile on SEDAR at www.sedar.com (trading symbol on TSX is “TOR”).

Additionally, copies of documents lodged with ASIC in relation to TRO may be obtained from or inspected at ASIC. Please note ASIC may charge a fee in respect of such services.

The following documents are available for inspection free of charge prior to the Scheme being approved by order of the Court during normal business hours at the registered office of TRO and copies of these documents can also be obtained free of charge prior to the Scheme being approved by order of the Court by contacting the TRO Shareholder Information Line (in North America by telephone: +1 905 727 8688; international callers by telephone: +61 2 9299 7800; in Australia by telephone: (02) 9299 7800; by email at: inquire@triausmin.com):

- Constitution of TRO.
- TRO’s annual report for the financial year ended 30 June 2013.
- TRO’s interim financial report for the half year ended 31 December 2013.
- TRO’s Mining exploration entity quarterly report (Appendix 5B) for the quarter ended 31 March 2014.
- TRO’s public announcements.

The annual, interim and quarterly reports and public announcements are also available from TRO’s website www.triausmin.com or TRO’s profile on SEDAR at www.sedar.com (trading symbol on TSX is “TOR”) and on ASX at www.asx.com.au.

7. Information about HRR

The HRR Information, including the information in this section of the Scheme Booklet, has been prepared and provided by HRR and is the responsibility of HRR. None of TRO, its officers, employees or advisors assumes any responsibility for the accuracy or completeness of the HRR Information in this section.

7.1 Profile of HRR

HRR is an ASX-listed mineral resources exploration company headquartered in West Perth, Western Australia, with offices in Perth and Kalgoorlie. HRR had a market capitalisation of A\$36.7 million as at 7 March 2014 (the last trading day before the Announcement Date) and as at 31 March 2014 held cash of A\$33.6 million and listed investments totalling A\$5.1 million. On 3 March 2014, HRR announced the acquisition of a 19.9% stake in Golden Cross Resources Ltd (ASX: GCR) for A\$1.9 million.

HRR's key asset is the Kalgoorlie Nickel Project (KNP), a large nickel laterite deposit located in Western Australia. HRR also has an active exploration portfolio of gold, copper and base metals projects, including extensive tenement holdings in New South Wales and Western Australia. HRR has a publicly stated focus on the Lachlan Fold Belt of New South Wales, and a strategy of acquisition of advanced stage development or production assets where its cash can be gainfully employed.

7.2 HRR's goals and strategies

HRR has three principal spheres of operation, Business Development, Exploration and Projects.

Business Development

HRR has aimed to acquire operating mining assets or pre-development projects in order to enhance long-term value for its Shareholders, with a focus on consolidation within a particular mining field or commodity, where HRR's cash and management expertise can facilitate a step-change in the target's operations. The entry by HRR into the Scheme Implementation Agreement with TRO is the result of these business development efforts, as is the strategic investment in Golden Cross Resources Ltd.

Exploration

HRR undertakes exploration programs on its existing assets and acquires new exploration opportunities. HRR's recent focus has been on exploration licences in the Lachlan Fold Belt of New South Wales, as well as on its Western Australian assets that enhance its nickel exposure.

Projects

At current nickel prices, HRR's KNP would be a challenge to develop as a High Pressure Acid Leach (HPAL) project because it does not provide an acceptable risk adjusted rate of return for the development capital required (estimated to be in excess of \$2 billion).

HRR is currently undertaking metallurgical studies, with a focus on lower capital cost opportunities and feedstock re-cycling with the aim of generating substantial improvements to both the capital and operating characteristics of the flowsheet. Future development scenarios include joint venture or spin-out of the KNP assets in conjunction with a strategic development partner (refer HRR ASX announcements dated 8 April 2014 and 23 April 2014). Upon implementation of the Scheme, the mineral projects of TRO will become the focus of HRR.

7.3 Operations, projects and exploration activities

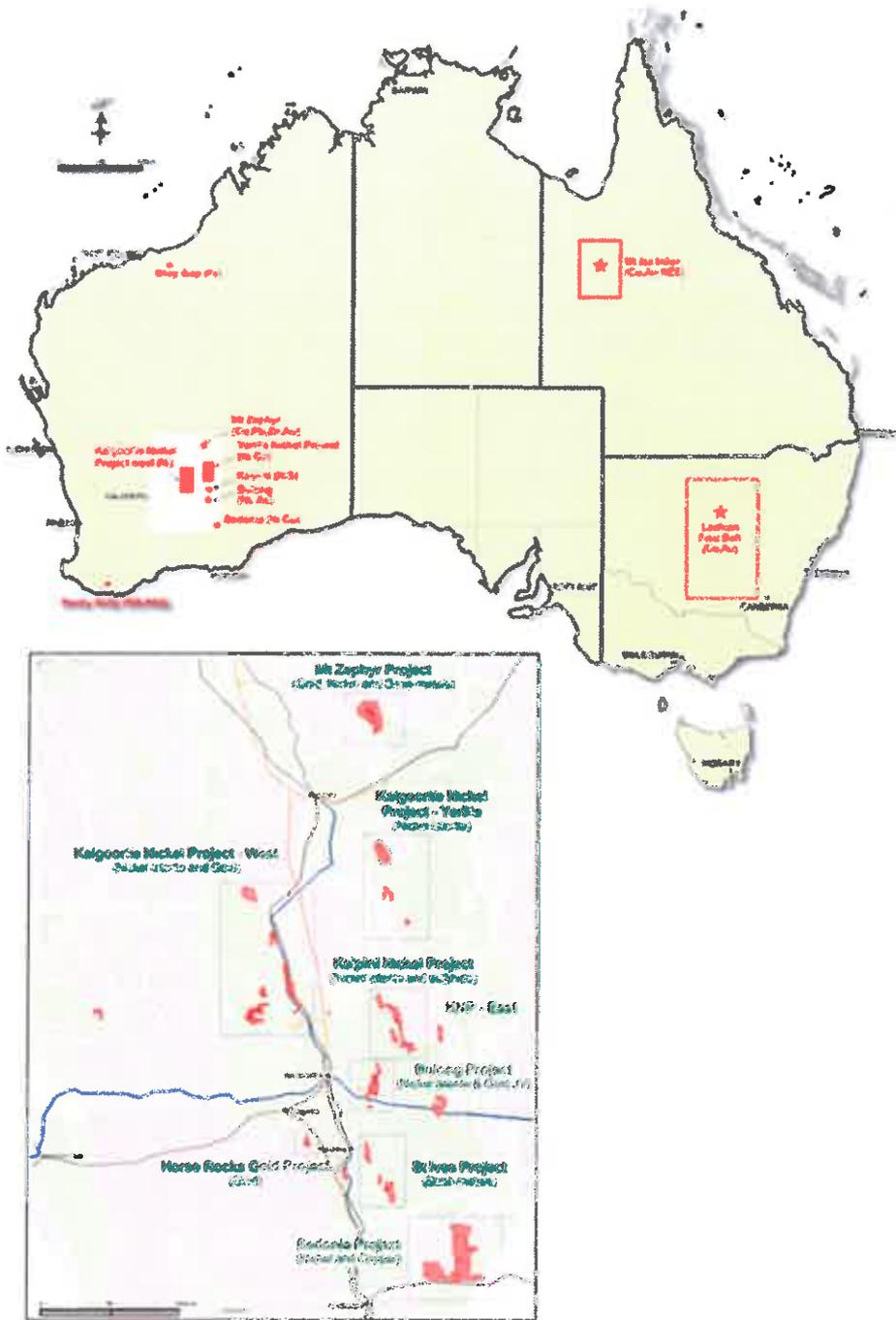


Figure 9: Heron Project Locations

Kalgoorlie Nickel Project (100% HRR)

The Kalgoorlie Nickel Project (KNP), located in a 150km radius north and east from Kalgoorlie, Western Australia, has a total nickel laterite Mineral Resource of 796 million tonnes (Mt) grading 0.70% nickel and 0.048% cobalt (refer to the Mineral Resource table below). The nickel laterite resource comprises a high proportion of siliceous material that is amenable to screen beneficiation. Vale Inco farmed in to the KNP between 2005 and 2009, expending \$34.5 million to deliver a Pre-Feasibility Study (PFS) that included some 95,000 metres of drill data, a JORC-compliant Mineral Resource estimate, and detailed geo-metallurgy modelling.

Vale Inco concluded that a High Pressure Acid Leach (HPAL) was the preferred flowsheet for developing the KNP and modelled a 2.50 million tonnes per annum (Mtpa) leach feed flow sheet with pre-production capital costs of A\$2.1 billion for 22.2 thousand tonnes per annum (Ktpa) nickel production in a Mixed Hydroxide Product (MHP) and operating costs of US\$4.54/lb of nickel (refer to the HRR ASX announcements dated 8 April 2014 and 22 April 2014). The Vale Inco study was of a very high quality and has provided the key data for subsequent studies.

Heron (with consultants) in 2010 developed an optimised HPAL flow-sheet with 3.75Mtpa leach feed sourced from high grade beneficiable ore, pre-production capital costs of A\$2.8 billion for 36.7Ktpa nickel production in MHP and operating costs of US\$4.17/lb of nickel (refer to the HRR ASX announcements dated 8 April 2014 and 22 April 2014).

Both Vale Inco 2009 and Heron 2010 only accessed ore from four of the 15 separate KNP deposits, confirming the potential due to the extensive resource base for longer mine-lives and more aggressive screening to increase the nickel leach feed grades.

Simulus Scoping Study 2013-14

Heron signed an agreement with the Simulus Group in July 2013 and its related company Carbon Friendly Nickel Production (CFNP) to undertake sulphuric acid-based hydrometallurgical testwork on various KNP ore-types. The Simulus technology seeks to change the KNP economics through the recycling of a large component of the sulphuric acid, thereby vastly reducing the amount of neutralizing agents required in nickel hydrometallurgical processing.

Initial bench-scale testwork on three representative samples from KNP deposits showed nickel recoveries of between 94-97% for clay-rich and saprolite ore types and 85% for the iron-rich limonite ore types. Acid recoveries for initial bench-scale tests were up to 70%, combining membrane recovery, iron sulphate hydrolysis and magnesium sulphate calcining. The current Scoping Study has examined the flow-sheet characteristics for a 10Ktpa commercial scale nickel production plant, utilizing Atmospheric Leaching and acid recovery technology (refer to the HRR ASX announcements dated 8 April 2014 and 22 April 2014).

Simulus has estimated process plant capital from its "off-the-shelf" supplier responses. Heron generated non-plant costs by scaling down the 2010 capital estimates (from the Heron 2010 PFS Optimization, typically applying a factor of 0.45 based on a generally accepted industry scaling formula).

For the base case 10Ktpa of nickel production, the estimated capital intensity is US\$14.54/annual pound of nickel production, which is a "step-change" improvement in the overall KNP economics.

Forward Program

Heron has now committed to undertake further feasibility work on the KNP as follows:

- Up-scaling of the current study from 10Ktpa to 20Ktpa to assess the impact of economies of scale on both operating costs and capital costs, including a revised mining plan and estimates for mining capital and operating costs;
- Additional bench-scale acid leach tests will be carried out at the Simulus Kewdale facility on the mining inventory identified in the up-scale study on the full range of KNP ore types, aiming to better characterize geo-metallurgical performance under atmospheric leaching conditions;
- Simulus has been commissioned to commence Front End Engineering Design (FEED) for a 1-3 tonne per hour demonstration plant to treat KNP laterite ore;
- Subject to the results of the ongoing work, a pilot plant location study will be implemented, which options will include the Heron Bulong Boulder Block site to access exposed high grade ore within Heron's pit and at grass in ore stockpiles; and
- Heron has commenced partner studies, seeking a potential funding partner to commercialize the "KNP Optimized Flowsheet".

Table 6 - Mineral Resource Estimates for Heron nickel laterite deposits (0.5% nickel cut-off grade)

| Region | Prospect | Million Tonnes | Ni % | Co % | Resource Category | Estimation Method | Estimate Source | Study Period |
|----------------------|-------------------|------------------|--------------|--------------|-------------------|-------------------|-----------------|--------------|
| Goongarrie | Goongarrie South* | 5.8 | 1.08 | 0.105 | Measured | Krige | Heron | Post PFS |
| | Goongarrie South* | 54.2 | 0.79 | 0.066 | Indicated | Krige | Heron | Post PFS |
| | Goongarrie South* | 34.4 | 0.63 | 0.042 | Inferred | Krige | Heron | Post PFS |
| | Highway | 52.9 | 0.66 | 0.042 | Indicated | Krige | Heron | Post PFS |
| | Highway | 38.4 | 0.63 | 0.040 | Inferred | Krige | Heron | Post PFS |
| | Ghost Rocks | 24.8 | 0.67 | 0.047 | Inferred | Krige | Snowden | Pre PFS |
| | Goongarrie Hill | 53.6 | 0.60 | 0.037 | Inferred | Krige | Heron | Post PFS |
| | Big Four | 42.6 | 0.69 | 0.052 | Indicated | Krige | Heron | Post PFS |
| | Big Four | 12.4 | 0.54 | 0.054 | Inferred | Krige | Heron | Post PFS |
| | Scotia | 11.2 | 0.77 | 0.080 | Inferred | Krige | Snowden | Pre PFS |
| | | Sub-total | 330.3 | 0.68 | 0.049 | | | |
| Siberia | Siberia South | 104.4 | 0.66 | 0.035 | Inferred | Krige | Snowden | Pre PFS |
| | Siberia North | 10.8 | 0.64 | 0.051 | Indicated | Krige | Snowden | Post PFS |
| | Siberia North | 60.0 | 0.66 | 0.040 | Inferred | Krige | Snowden | Post PFS |
| | Black Range | 20.1 | 0.75 | 0.103 | Inferred | Krige | Snowden | Pre PFS |
| | | Sub-total | 195.3 | 0.66 | 0.043 | | | |
| KNP West | Total | 525.6 | 0.67 | 0.047 | | | | |
| Bulong | Taurus | 14.2 | 0.83 | 0.051 | Inferred | Krige | Snowden | Pre PFS |
| | East | 15.9 | 0.89 | 0.046 | Indicated | Krige | Snowden | Pre PFS |
| | East | 24.3 | 0.78 | 0.053 | Inferred | Krige | Snowden | Pre PFS |
| | | Sub-total | 54.4 | 0.87 | 0.054 | | | |
| Hampton | Kalpini | 75.4 | 0.73 | 0.044 | Inferred | Krige | Snowden | Pre PFS |
| | Sub-total | 75.4 | 0.73 | 0.044 | | | | |
| KNP East | Total | 129.8 | 0.79 | 0.048 | | | | |
| Yerilla | Jump Up Dam‡ | 3.8 | 0.94 | 0.048 | Measured | Krige | Snowden | PFS |
| | Jump Up Dam | 41.7 | 0.79 | 0.044 | Indicated | Krige | Snowden | PFS |
| | Jump Up Dam | 18.5 | 0.64 | 0.035 | Inferred | Krige | Snowden | PFS |
| | Boyce Creek | 26.8 | 0.77 | 0.058 | Inferred | Krige | Heron | PFS |
| | Aubils** | 49.4 | 0.70 | 0.066 | Inferred | Krige | Heron | PFS |
| | | Sub-total | 140.2 | 0.73 | 0.052 | | | |
| KNP Yerilla | Total | 140.2 | 0.73 | 0.052 | | | | |
| Company Total | | 795.6 | 0.70 | 0.048 | | | | |

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

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

‡ Includes approximately 20,000 tonnes at 1.3% nickel and 0.050% cobalt in stockpiles from the 2008 trial pit.

Notes:

1. Tonnage (dry) and grade estimates have been rounded to reflect the estimation precision.
2. Economic parameters for the KNP are based on a Pre-feasibility Study completed by Vale Inco under farm-in arrangements between April 2005 and July 2009, and re-optimized by Heron between August 2009 and January 2010. The Vale Inco farm-in ended in July 2009 and Vale Inco has no retained rights in respect of the KNP tenements.

3. Economic parameters for Yerilla are based on a Pre-feasibility Study completed by Heron between June 2006 and April 2009, and re-optimized by Shanshan under joint venture between May 2009 and May 2011. The Shanshan joint venture expired in May 2011. Shanshan currently has no retained rights in respect of the Yerilla tenements

The information in this report that relates to Mineral Resources for the Highway, Goongarrie Hill, Goongarrie South, Big Four, Aubils and Boyce Creek Prospects is based on information originally compiled by a former Heron Resources Limited resource geologist and validated by Steve Jones in 2013 (refer to announcement of 18 October 2013). Both are Members of the Australasian Institute of Mining and Metallurgy. Steve Jones is a full time employee of Heron Resources Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the resource estimation activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Steve Jones consents to the inclusion in this report of the matters based on his information in the form and context that it appears. Note that Mineral Resources that are not Ore Reserves do not have demonstrated viability.

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

Lachlan Fold Belt, NSW (100% HRR)

The HRR targets are primarily copper-gold mineralisation including porphyry copper-gold of the Cadia/Ridgeway and Mt Adrah style, high-grade epithermal gold veins of the Temora style, and Besshi style VMS of the type being mined at the Tritton operation. Tenements (application and granted) cover some 3,500 km² and are all 100% HRR-owned.

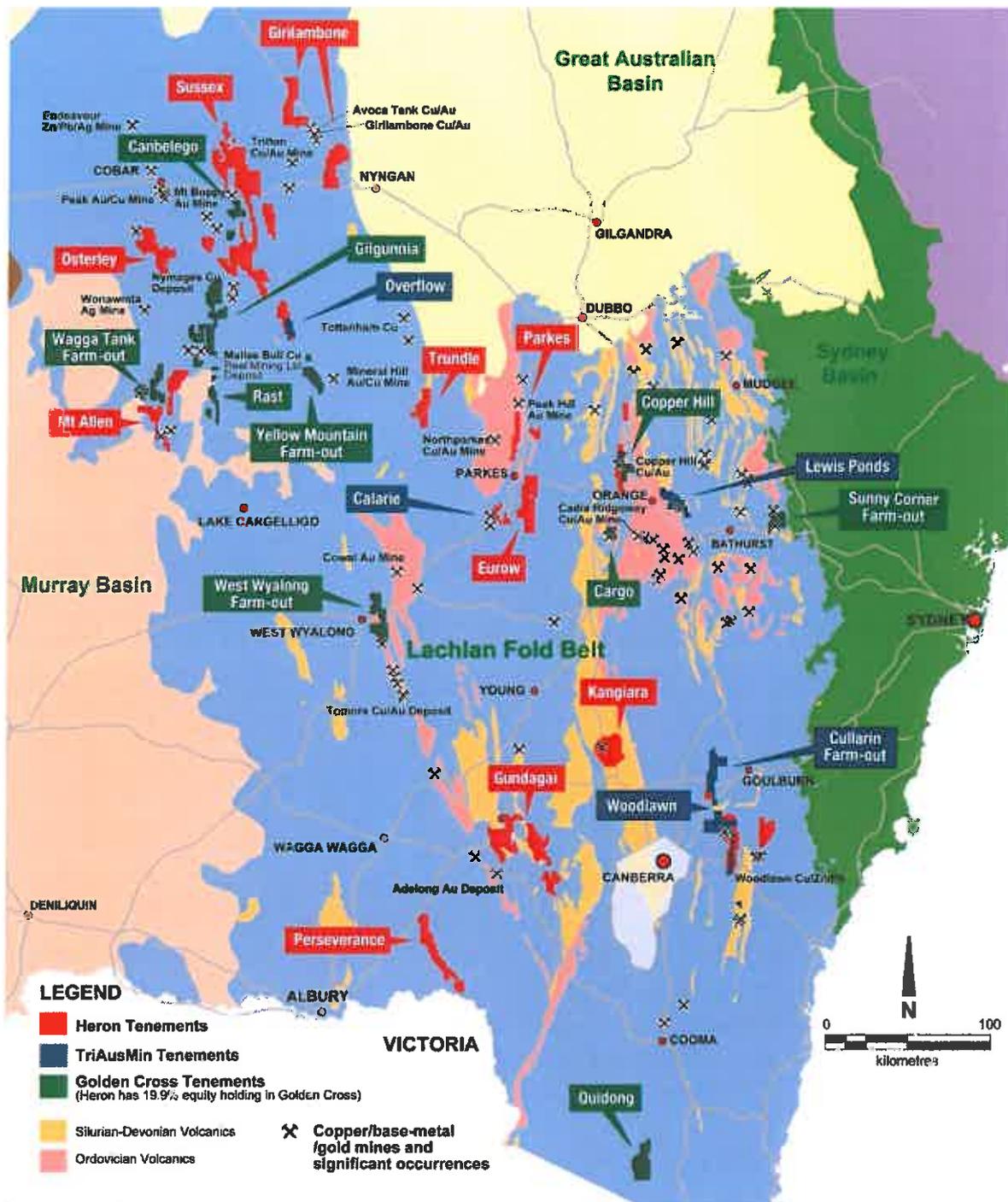


Figure 10: Lachlan Fold Belt, HRR, TRO and GCR tenement locations.

HRR's Lachlan Fold Belt projects cover Ordovician, Silurian, Devonian sedimentary and volcanic rift sequences in central and southern NSW (Figure 10). Access is excellent both in terms of roads and tracks, but also in terms of the positive reception from the local land owners and graziers. As tenements are being

granted, reconnaissance field work has quickly commenced, including rock-chip sampling, soil auger programs and EM surveys.

HRR's equity position in Golden Cross Resources Ltd, along with the proposed merger with TRO pursuant to the Scheme represents a major scale consolidation within the Lachlan Fold Belt. Individual HRR projects are summarised in the following.

Sussex Copper-Gold Project

The Sussex Project, located on grazing land, 50km east of Cobar and 10km northeast of the historic Mt Boppy gold mine, covers some 600km² of Ordovician-aged Girilambone Beds and Early Devonian-aged clastic sediments of the Kopyje Group. The area contains a large complex magnetic high within Girilambone Beds basement along the northern extension of the Gilmore Suture (Coonara Fault), which is one of the controlling metallogenic structures in the Lachlan Fold Belt hosting from south to north the Mt Adrah, Temora, Mineral Hill, Overflow and Mt Boppy gold mines.

The Sussex magnetic high occurs in a sinistral flexure within the crustal scale fault zone with a number of NW and NNW structures evident that are favourable sites for potentially mineralised high level intrusive phases. A distinct gravity high also occurs coincident with the magnetic high indicating denser rocks.

A RAB drilling program of 93 holes for 4,390 metres was completed over a number of magnetic features and HRR's soil auger geochemical anomalies. Broad zones of nickel, copper and zinc anomalism were recorded in the drilling over mafic (basalt and dolerite) lithologies are associated with the magnetic and gravity highs.

The most anomalous result came from the final hole SXR093 in the south of the area which returned gold anomalism within transported clays (refer to the Heron December 2013 Quarterly Report released 30 January 2014). This is flagged for follow-up RAB and soil auger programs. The targets cover a large area, reflecting the broad-scale reconnaissance nature of the HRR drilling.

Kamandra Iron-Copper Project

The Kamandra Iron-Copper Project is located on farm-land 10km south-east of Parkes, central NSW, in the northern section of the EL8192 (Figure 11). The Broken Hill - Orange railway line runs along the southern boundary of the target area.

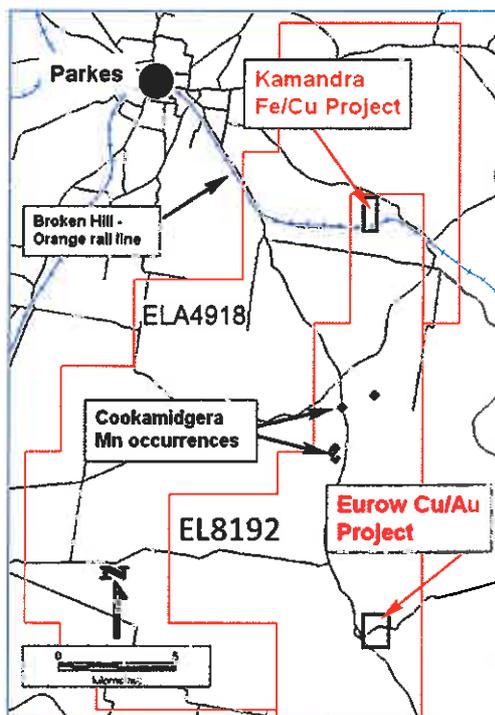


Figure 11: Location map for the Kamandra and Eurow projects

The area contains a partially outcropping ironstone unit over some 1km of strike associated with a strong linear magnetic unit (up to 58,000nT magnetic intensity). Where the ironstone outcrops, it forms a low shoulder on the flank of a larger ridge and measures between 10 – 18 metres in width. The ironstone is part of the Ordovician-aged Hoskin's Chert Member that contains a number of historically mined manganese occurrences to the south within HRR tenure.

HRR has completed a mapping and sampling program of the ironstone unit and collected 15 rock-chip samples, five traverse samples and 36 soil samples. The ironstone is an iron ore material (between 42.6% and 58% iron, and an average of 53.7%) with strongly anomalous copper (between 238ppm and 1,090ppm, and an average of 615ppm); weak gold anomalism is also present (between 3ppb and 28ppb, and an average of 8ppb). The anomalous results are associated with elevated manganese (around 0.28%). The ironstone consists of fine-grained hematite and magnetite and is relatively soft, with some carbonate present.

HRR recently completed a reconnaissance Reverse Circulation (RC) drilling program comprising 6 holes for 841 metres to test the ironstone unit below the depth of weathering. The drilling intersected a unit of magnetite-pyrrhotite-pyrite over 4 metres in the down-dip position of the ironstone. Traces of chalcopyrite were also identified in this unit.

Eurow Copper-Gold Project

The Eurow Project is located 25km southeast of Parkes in central NSW and covers a sequence Ordovician and Devonian-aged meta-sediments intruded by Silurian and Devonian granites. The tenement was primarily acquired for the historic Eurow-Vychan copper-gold workings where a small non-JORC compliant deposit has been previously reported. The mineralisation appears to be stratabound replacement, and is associated with semi-massive and breccia zones of pyrite-pyrrhotite-chalcopyrite near the contact between a fine-grained clastic sedimentary unit and an overlying dacitic volcanic/volcaniclastic unit.

Drilling by previous companies up until 2011 below and around the workings had reported several potentially ore grade (copper and gold) intercepts of between approximately 3 metres and 8 metres downhole width. A program of Aircore drilling was completed by Heron with a total of 44 holes for 729 metres being drilled on targets both north and south of the old workings (Figure 12), with anomalous copper intersected. The holes to the south of the workings (Targets 1 and 2) encountered thick surface clay zones and probably failed to penetrate to levels that would effectively test the magnetic anomalies.

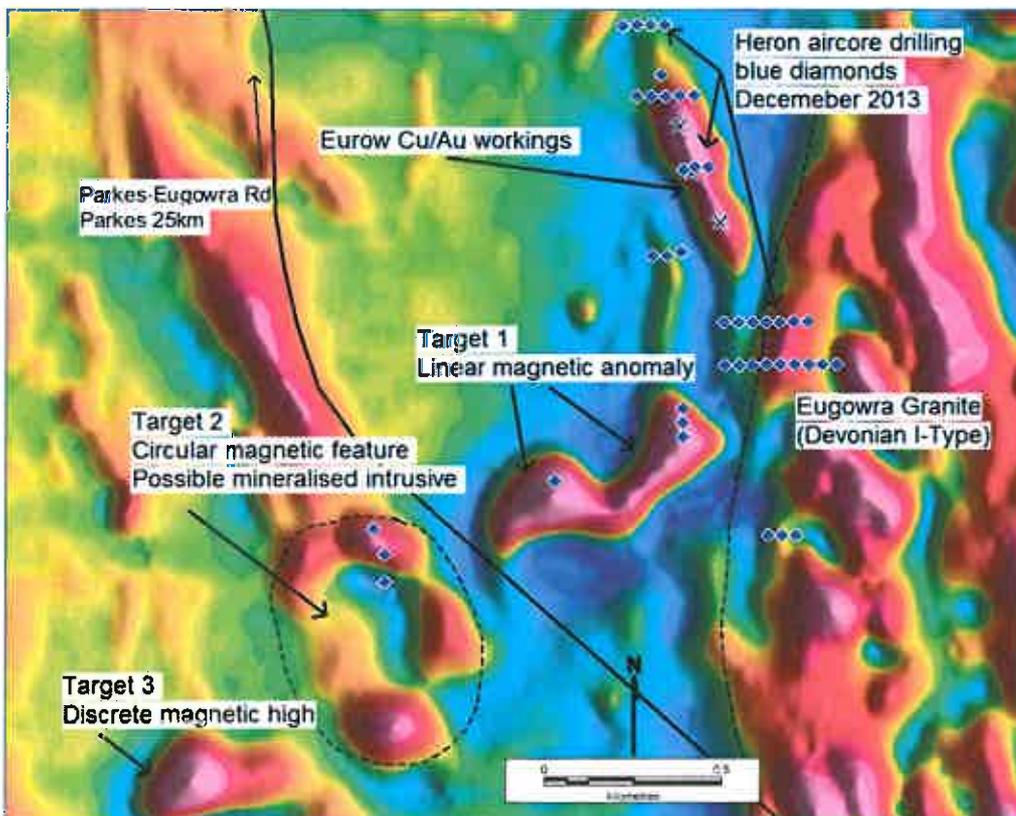


Figure 12: Eurow Project showing location of Eurow copper-gold workings on detailed magnetic image. Aircore drilling is shown as blue diamonds.

Osterley Downs Copper-Gold Project

The Osterley Downs Project is located 48km southwest of Cobar, and covers some 300km² containing turbiditic sediments of the Devonian Upper Amphitheatre Group and sandstone of the Biddabirra Formation of the eastern margin Cobar Trough. The Thule Fault, which runs through the centre of the project area, is a major regional structure that was targeted by previous explorers as a conduit for mineralising fluids containing gold and copper occurrences associated with fault breccia units.

The focus of HRR's exploration is on subsidiary structures adjacent to the main Thule Fault. Such subsidiary cross-cutting dilational structures are often the focus for Cobar Basin-style mineralisation.

The surface EM program conducted by HRR identified a subtle, but coherent anomaly directly to the southeast of an old Geopeko grid in an area of deeper soil cover. The anomaly is associated with a discrete magnetic low and is probably related to a change in lithology with mineralisation focussed along this contact. A program of soil auger sampling (278 samples on nominal 320 x 80m grid) was completed and returned a coherent copper-zinc-lead-arsenic anomaly over some 1.2km of strike covering a northeast trending subsidiary structure. This structure also has moderate gold anomalism from historic rock-chip sampling.

Mt Allen Copper-Gold Project

The Mt Allen Project is located 120km south of Cobar and covers some 300km² of predominantly Early Devonian sedimentary and volcanic rocks. It is located on the southern boundary of the Peel Exploration holding which hosts the Mallee Bull copper-gold-silver discovery.

The Mt Allen area has a complex array of NE trending structures splaying off the dominant NNW trending Cobar Trough basin margin structures. Four initial targets have been identified based on HRR's regional geological and structural interpretations. Soil auger sampling has now been completed on the two northern targets and has returned a moderate copper anomaly (to 51ppm) over some 400 metres of strike in a soil-covered area of the Devonian Nombiginni Volcanics.

Nymagee East Copper-Gold Project

This project area covering some 500km² comprises a number of tenement applications located 75km southeast of Cobar and 15km northeast of the Nymagee copper mine. The tenements cover a complex zone of north-west trending Devonian-aged sediments and the Ordovician-aged Girilambone Beds adjacent to the southern extension of the Coonara Fault (hosts the Overflow and Mineral Hill copper-gold mines 10km and 50km south, Figure 10).

Several gold and base-metal occurrences exist within the applications and these are the immediate focus for generating drill targets.

Girilambone Copper-Gold Project

The Girilambone Copper-Gold Project is located within two granted tenements (EL 7955 and EL 7951) 25km and 60km northwest of Nyngan NSW. HRR is targeting Tritton/Avoca Tank style copper-gold mineralisation (Straits Resources Limited) within mafic units of the Ordovician-aged Girilambone Beds.

HRR soil auger programs in the Coolabah area have generated a strong coherent copper anomaly located 3.5km northwest along strike of the Avoca Tank discovery. The anomaly has a multi-element signature with elements such as arsenic, silver and bismuth showing a strong coincidence with the copper signature.

Geological mapping in the Coolabah area identified subtle ferruginous staining in auger chips over the anomalous copper zones and some potentially mineralised lithologies where copper was anomalous. These lithologies could represent mineralized and altered sediments or horizons similar to those associated with the Northeast copper deposit of Straits located 5km to the south. Potential exists for a Tritton-Girilambone style deposit, specifically a Northeast-style copper deposit within the Coolabah Project area even though a strong mafic magnetic signature is not observable.

A northwest trending structure is apparent to the south on the government geophysical data set, possibly related to mineralization in the Girilambone North area (including Avoca Tank).

Gundagai Gold-Copper Project

HRR's Gundagai tenements are located 315km southwest of Sydney (Figure 10). The area consists of northerly trending ridgelines underlain by the slates and other meta-sediments of the Silurian-aged Jakalass Slate Formation intruded by mineralized porphyry units. Several old gold workings exist in the HRR tenement area with mining dating back to 1842, however prior to HRR there has been little or no modern exploration.

The **Big Ben Gold Prospect** is located 7km south of Gundagai, and contains a sequence of meta-sandstones and conglomerates intruded by multiple north-south trending mineralised porphyry dykes.

A total of 15 RC holes for 1,609m were drilled by HRR in mid-2013 targeting sheeted quartz veins within a granitic porphyry dyke.

A review followed by site visits of other potentially mineralised porphyries in the area is being undertaken and may provide further drill targets for HRR, notably of the Mt Adrah porphyry gold style.

Nickel-Copper Projects, Western Australia (HRR 100%)

Emu Lake Nickel Project

The Emu Lake Nickel Project is located 70km northeast of Kalgoorlie, Western Australia and is prospective for high-grade nickel sulphide deposits associated with a 15km strike length NNW trending unit of komatiitic ultramafic flows (Figure 13). Previous work in the area identified several high-grade, albeit thin (0.1-0.3 metre) massive nickel sulphide horizons, notably along the Binti Gossan zone. This belt is now owned 100% by HRR.

Nickel sulphides in the Emu Lake area are associated with the steeply dipping contact between a younger ultramafic flow in the west and an older sulphidic felsic volcanic/sediment substrate in the east.

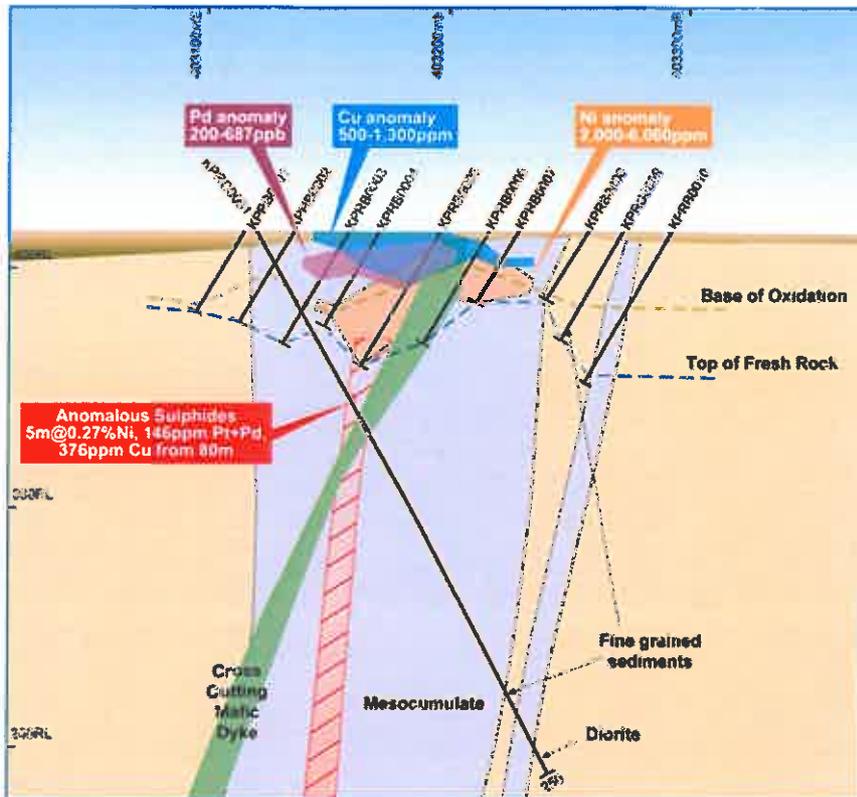


Figure 13: Cross section showing strong nickel, copper and palladium anomalism returned from RAB drilling

A program of shallow rotary air-blast (RAB) drilling (18 holes for 845m) was completed by HRR returning strong coincident nickel (2,000ppm to 6,060ppm), copper (500ppm to 1,300ppm) and palladium (200ppm to 687ppb) anomalism in 4 metre composite samples. These results, particularly the copper and palladium levels, are highly encouraging and point to a high prospectivity for nickel sulphide mineralization at depth.

A program of Reverse Circulation (RC) drilling (2 holes for 318m) was recently completed by HRR confirming disseminated sulphides immediately beneath the strong surface anomalism identified in RAB drilling.

Sulphides intersected by the RC drilling are disseminated and less than 1% by volume, but none-the-less represent a mineralised horizon. The mineralization occurs within an internal ultramafic flow position, rather than a basal accumulation position.

Bedonia Nickel-Copper-Gold Project HRR's Bedonia Project is located 75km east of Norseman, Western Australia and some 60km west-southwest of the Nova-Bollinger nickel-copper discovery (by Sirius Resources NL) (Figure 14).

Total tenement holding is 1,400km².

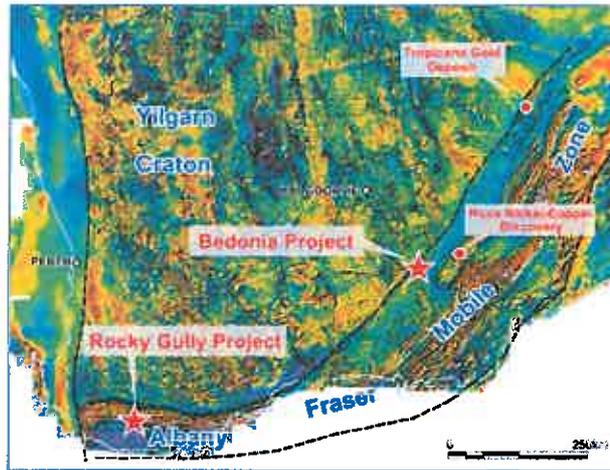


Figure 14: Bedonia Project – aeromagnetic image showing key targets

In the south of the area HRR is seeking similar 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, HRR completed an initial four hole RC drill program in 2013 to test a bedrock EM conductor which intersected gneissic mafic to intermediate rocks with disseminated sulphides.

At the **Mordicus Prospect** in the north of the area a Spectrem airborne EM survey was completed which returned an apparent bedrock conductor in an anomalous nickel-copper-PGE area. It is possible that the conductor may be associated with nickel/copper or PGE accumulations associated with a possible feeder conduit for the Jemberlana Dyke.

HRR followed-up the Mordicus EM anomaly with detailed auger geochemistry. Ground EM ahead of RC drilling is planned.

Mt Zephyr Gold and Base-Metal Project

The Mt Zephyr Project is located 80km north-northeast of Leonora and based on mapped and visited gold mineral occurrences is prospective for gold mineralisation within laminated quartz occurrences. A program of detailed soil auger sampling was completed at the **Paul's Find Prospect** to map the trend of gold mineralisation prior to drill testing of anomalies. The soil auger program was also extended to the north of Paul's Find over ultramafic rock to test for potential nickel sulphide mineralisation. The soil geochemistry over the ultramafic rocks generated several strong nickel and copper anomalies that warrant further follow-up for potential nickel sulphide mineralisation.

Mt Zephyr is a contiguous strategic greenstone holding, which HRR ranks highly within its WA exploration portfolio.

Northwest Queensland Copper-Gold Project (100% HRR)

The project covers 550km² in the Mt Isa Inlier of northwest Queensland, targeting copper-gold-REE mineralisation in Iron Oxide Copper Gold (IOCG) settings (Figure 15). The Mt Isa Inlier is a world-class Proterozoic mining province hosting the large copper, lead and zinc mines at Mt Isa and George Fisher, and the copper-gold mines at Ernest Henry and Osborne plus several other significant mines and development projects.

Of particular interest within HRR's tenure is the **Mammoth East Prospect** (EPMs 19122 and 19168) where previous exploration in the late 1980s identified a zone of high-level copper-gold mineralised quartz veining within basalt and quartzite of the Proterozoic Haslingden Group. The anomaly extends over 500 metres of strike and 50-100 metres wide. Previous reconnaissance drilling (4 RC holes) intersected moderate to strong gold, copper and lead anomalism within a polyphase breccia quartz vein exhibiting comb and crustiform quartz textures, suggesting an epithermal origin. The focus of this exploration at the time was actually diamonds and no further work has apparently been completed since that time.

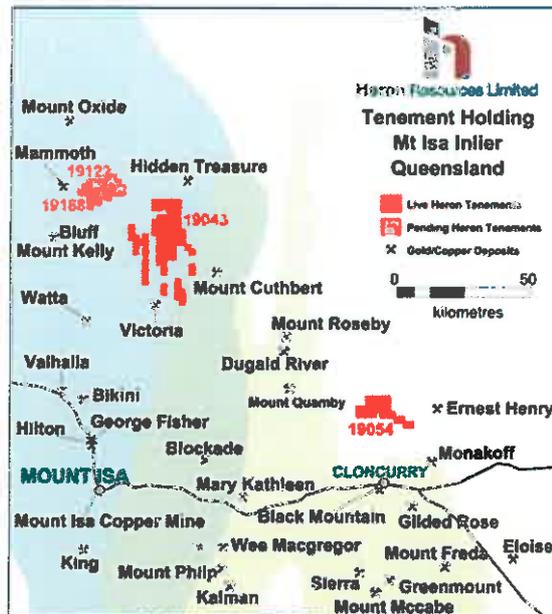


Figure 15: Northwest Queensland HRR Tenement Locations and Mineralized Centres

The northwest Queensland acquisitions reflect HRR's positive view of Proterozoic copper-gold systems. HRR is currently seeking and has received expressions of interest from parties interested in farming into or acquiring the tenements.

Competent Person and Qualified Person Statement

The information in this Scheme Booklet that relates to the mineral project exploration of HRR (excluding the KNP) is based on, and fairly represents, information prepared by David von Perger who is a Member of the Australasian Institute of Mining and Metallurgy. David von Perger is a full time employee of HRR and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the exploration activity that is being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". David von Perger has consented to the inclusion in this Scheme Booklet of the matters based on his information in the form and context that it appears.

7.4 Capital structure and ownership

Shares

As at the date of this Scheme Booklet, there are 252,985,787 HRR Shares on issue. All shares are ordinary shares, which have the same rights and obligations. The top 20 HRR shareholders, as at 6 May 2014, are set out below:

Heron Resources Limited - top 20 shareholders at 6 May 2014

| | Holder Name | Number | Percentage |
|----|--|------------|------------|
| 1 | BHP Minerals Holdings Pty Ltd ⁴ | 32,937,960 | 13.02% |
| 2 | Vale Inco Limited ³ | 32,440,651 | 12.82% |
| 3 | Hazurn Pty Ltd ¹ | 23,082,480 | 9.12% |
| 4 | Kurana Pty Ltd ¹ | 16,576,556 | 6.55% |
| 5 | Citicorp Nominees Pty Limited | 12,280,940 | 4.85% |
| 6 | MBM Corporation Pty Ltd ² | 9,999,830 | 3.95% |
| 7 | Chaos Investments Pty Limited | 5,972,854 | 2.36% |
| 8 | Fremont Cat Pty Ltd | 4,205,476 | 1.66% |
| 9 | Mr David James Wardle ² | 4,070,000 | 1.61% |
| 10 | Sheerwater Pty Ltd | 3,071,500 | 1.21% |
| 11 | Mr Olivier Robert Dupuy | 2,600,000 | 1.03% |

| | | | |
|----|--|--------------------|---------------|
| 12 | Mr Ian James Buchhorn ¹ | 2,518,241 | 1.00% |
| 13 | BHP Minerals Holdings Pty Ltd ⁴ | 2,489,166 | 0.98% |
| 14 | Kimlex Investments Pty Ltd | 2,200,000 | 0.87% |
| 15 | BHP Minerals Holdings Pty Ltd ⁴ | 2,150,000 | 0.85% |
| 16 | Mrs Pamela Jean Buchhorn ¹ | 2,137,690 | 0.84% |
| 17 | BGK Investments Pty Limited | 2,000,000 | 0.79% |
| 18 | Manorina Mining Pty Ltd ¹ | 1,825,992 | 0.72% |
| 19 | Tierra De Suenos Sa | 1,802,000 | 0.71% |
| 20 | V W Village Investments Pty Ltd | 1,709,500 | 0.68% |
| | Total | 166,070,836 | 65.62% |

Substantial Shareholders including related parties who have notified the Company

| | Shares | Percentage |
|--|------------|------------|
| ¹ Buchhorn and related parties | 46,140,959 | 18.23 |
| ³ Inco Australia Holdings Pty Ltd | 32,440,651 | 12.82 |
| ⁴ BHP Minerals Holdings Pty Ltd | 37,577,126 | 14.85 |
| ² MBM Corporation Pty Ltd and related parties | 14,873,098 | 5.88 |

Options

As at the date of this Scheme Booklet, there are 31,168,776 unlisted HRR Options on issue, held as follows:

| | | | |
|---|-----------------------|-------------------|----------------|
| 1 | Employees & directors | 23,350,000 | 74.91% |
| 2 | Huashan Capital | 4,818,776 | 15.46% |
| 3 | Jonathan Shellabear | 2,000,000 | 6.42% |
| 4 | Robert George Klug | 1,000,000 | 3.21% |
| | TOTAL | 31,168,776 | 100.00% |

Other than for the HRR Options issued to Huashan Capital, the HRR Options have been issued under an Employee Share Option Plan (**ESOP**). The terms of the options are:

Distribution of Option Holders

| | |
|-----------|--|
| 5,000,000 | exercisable on or before 7 September 2016 for a payment of \$0.6864 per option |
| 4,500,000 | exercisable on or before 5 June 2014 for a payment of \$2.50 per option |
| 4,818,776 | exercisable on or before 9 June 2014 for a payment of \$0.30 per option |
| 2,600,000 | exercisable on or before 25 June 2014 for a payment of \$0.425 per option |
| 4,750,000 | exercisable on or before 23 June 2014 for a payment of \$0.22 per option |
| 2,750,000 | exercisable on or before 23 June 2015 for a payment of \$0.27 per option |
| 2,750,000 | exercisable on or before 23 June 2016 for a payment of \$0.31 per option |
| 333,333 | exercisable on or before 16 January 2015 for a payment of \$0.22 per option |
| 333,333 | exercisable on or before 16 January 2016 for a payment of \$0.27 per option |
| 333,334 | exercisable on or before 16 January 2017 for a payment of \$0.31 per option |
| 1,000,000 | exercisable on or before 5 March 2016 for a payment of \$0.22 per option |
| 1,000,000 | exercisable on or before 5 March 2017 for a payment of \$0.27 per option |
| 1,000,000 | exercisable on or before 5 March 2018 for a payment of \$0.31 per option |

7.5 Share option plans

Other than the ESOP described above, there are no other share option plans in place.

7.6 Directors of HRR

Craig Leslie Readhead - BJuris LL.B. FAICD (Non-executive Chairman)

Craig Readhead is a lawyer with over 30 years legal and corporate advisory experience with specialization in the resources sector, including the implementation of large scale mining projects both in Australia and overseas. Mr Readhead is a former president of the Australian Mining and Petroleum Law Association and is a Partner of specialist mining and corporate law firm Allion Legal.

Stephen Bruce Dennis - BCom, LL.B., GDipAppFin (Finsia), CFTP (Non-executive Director)

Stephen Dennis has been actively involved in the mining industry for over 30 years. He has held senior management positions at MIM Holdings Limited, Minara Resources Limited, and Brambles Australia Limited. Mr Dennis is currently the Chief Executive Officer and Managing Director of CBH Resources Limited, the Australian subsidiary of Toho Zinc Co., Ltd of Japan. Mr Dennis is Non-executive Chairman of Cott Oil and Gas Limited.

Ian James Buchhorn - BSc (Hons), DiplGeosci (Min Econ), MAusIMM (Managing Director)

Ian Buchhorn is a Mineral Economist and Geologist with over 30 years' experience. Prior to listing HRR in 1996 as founding managing director, Mr Buchhorn worked with Anglo American Corporation in southern Africa, and Comalco, Shell/Billiton and Elders Resources in Australia, as well as setting up and managing Australia's first specialist mining grade control consultancy. Mr Buchhorn has worked on feasibility studies, industrial mineral mining and exploration, gold and base metal project generation, and in corporate evaluations. For the last 25 years Mr Buchhorn has developed mining projects throughout the Eastern Goldfields of Western Australia and operated as a Registered Mine Manager.

7.7 Key management of HRR

Bryan Horan - FCCA (Company Secretary & Financial Controller)

Mr Horan joined HRR in 2007 as a management accountant. Mr Horan was appointed to the position of Financial Controller in 2008 and Company Secretary in 2010. Mr Horan's career includes 10 years working in various accounting positions in London in industries such as media, warehousing and distribution and pharmaceutical. Since living in Perth Mr Horan has also held accounting positions with Australian Mines Ltd and Perilya Ltd.

David Von Perger - BSc (Hons) MAusIMM (General Manager Exploration)

David von Perger was appointed to the position in 2006. Mr von Perger is a geologist with some 20 years' experience in mineral exploration. Mr von Perger has worked on several important styles of mineral deposits. His experience includes four years as a business analyst for a major mining group involving analysis of mining operations, project development and assessment of new opportunities. Since joining HRR in 2004, Mr von Perger has been responsible for the identification and acquisition of several new nickel, gold, iron-ore and base-metal projects.

Charlie Kempson - MEng (Oxon) MBA GAICD (General Manager Strategy & Business Development)

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

7.8 Financial information

The financial information that follows is extracted from the audited December 2013 half year accounts of HRR which were lodged with the ASX on 10 March 2014. The information referenced by notes is also in those accounts. The cash balance as at 31 March 2014, following completion of the investment in convertible notes issued by TRO and the Golden Cross investment (both described in more detail below), is A\$33.8 million.

Significant transactions since 31 December 2013 are:

1. Following the extraordinary general meeting of Golden Cross Resources shareholders on 27 February 2014, the Golden Cross Resources board met and resolved to issue 375,970,579 fully paid ordinary shares to HRR at \$0.005 per share on the terms and conditions set out in HRR's offer dated 8 January 2014; and
2. As described in the announcement of the entry into the Scheme Implementation Agreement released to the ASX on the Announcement Date, HRR provided a short term convertible loan to TRO for A\$1,300,000 (see Section 11.12 for more information).

Key Accounting Policies

The full list of accounting policies can be found in the 2013 annual report lodged with the ASX on 15 October 2013 and available on HRR's website. HRR is a public company limited by shares. HRR was incorporated in Western Australia. HRR is a for profit entity for the purpose of preparing the financial statements.

Basis of preparation

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

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

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

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

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

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

Exploration, evaluation, development and restoration costs

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

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

Accumulated costs are not carried forward in respect of any area of interest unless rights to tenure of that area are current. Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation and development phases that give rise to the need for restoration.

Impairment

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

Investments

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

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

Share-based payment transactions

HRR provides benefits to the Directors, employees and consultants of HRR in the form of share based payment transactions, whereby services are rendered in exchange for HRR Shares or rights over HRR Shares (**equity-settled transactions**).

There is currently one plan in place to provide these benefits being an Employee Share Option Plan (**ESOP**) which provides benefits to Directors, employees and consultants.

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

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of HRR Shares (**market conditions**).

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

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDING 31 DECEMBER 2013**

| | 31 Dec 2013 | 31 Dec 2012 |
|---|---------------------|---------------------|
| | \$'000 | \$'000 |
| REVENUES FROM CONTINUING ACTIVITIES | 754 | 1,037 |
| Audit & accounting | (15) | (15) |
| Consultants | (99) | (337) |
| Depreciation expense | (32) | (73) |
| Directors fees | (86) | (116) |
| Employee benefits expense | (149) | (372) |
| Insurance | (29) | (28) |
| Legal | (26) | (388) |
| Equity Settled Share based payments | (510) | (788) |
| Other expenses from ordinary activities | (324) | (434) |
| Exploration expenditure expensed as incurred | (2,044) | (1,004) |
| Exploration expenditure written off | - | (100) |
| Exploration expenditure impairment | - | (1,600) |
| Impairment of investment | - | - |
| PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE | <u>(2,560)</u> | <u>(4,218)</u> |
| INCOME TAX EXPENSE | - | - |
| PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE | <u>(2,560)</u> | <u>(4,218)</u> |
| OTHER COMPREHENSIVE INCOME | | |
| Changes in market value of financial assets | 149 | 135 |
| TOTAL COMPREHENSIVE INCOME FOR THE HALF YEAR | <u>(2,411)</u> | <u>(4,083)</u> |
| Basic earnings per share | <u>\$ (0.01012)</u> | <u>\$ (0.01667)</u> |
| Diluted earnings per share | <u>(0.01012)</u> | <u>(0.01667)</u> |

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013**

| | 31 Dec 2013 | 30 Jun 2013 |
|--|--------------------|--------------------|
| | \$'000 | \$'000 |
| CURRENT ASSETS | | |
| Cash assets | 37,534 | 39,597 |
| Trade and other receivables | 350 | 371 |
| Investments | 79 | 61 |
| TOTAL CURRENT ASSETS | 37,963 | 40,029 |
| NON-CURRENT ASSETS | | |
| Trade and other receivables | 35 | 35 |
| Investments | 3,406 | 3,275 |
| Property, plant and equipment | 81 | 97 |
| Exploration and evaluation costs carried forward | 5,070 | 5,070 |
| TOTAL NON-CURRENT ASSETS | 8,592 | 8,477 |
| TOTAL ASSETS | 46,555 | 48,506 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 239 | 347 |
| Provisions – employee entitlements | 515 | 457 |
| TOTAL CURRENT LIABILITIES | 754 | 804 |
| TOTAL LIABILITIES | 754 | 804 |
| NET ASSETS | 45,801 | 47,702 |
| EQUITY | | |
| Contributed equity | 116,035 | 116,035 |
| Revaluation reserve | 149 | - |
| Option reserve | 6,052 | 5,591 |
| Accumulated losses | (76,435) | (73,924) |
| TOTAL EQUITY | 45,801 | 47,702 |

7.9 Rights and liabilities attached to HRR Shares

The New HRR Shares to be issued as consideration under the Scheme will be fully paid and rank equally with existing HRR Shares.

A summary of the rights and liabilities attaching to New HRR Shares is set out below. This summary is not exhaustive, nor does it constitute a definitive statement, of the rights and liabilities attaching to New HRR Shares, which can involve complex questions of law arising from the interaction of HRR's Constitution, statutory and common law requirements and the requirements of the ASX Listing Rules.

A copy of HRR's Constitution is available for inspection free of charge during normal business hours at HRR's registered office.

Voting Rights

Subject to any rights or restrictions for the time being attached to any classes of HRR Shares, at general meetings:

1. Each member entitled to vote may vote in person or by proxy, attorney or by representative.
2. On a show of hands, every person present who is a HRR Shareholder or a proxy, attorney or representative of a HRR Shareholder has one (1) vote.
3. On a poll, every person who is a HRR Shareholder or a proxy, attorney or representative of a HRR Shareholder present has one (1) vote for each fully paid HRR Share held.

Dividend Rights

Subject to the rights of persons (if any) entitled to HRR Shares with special rights to dividend:

1. The Directors of HRR may declare a dividend out of the profits of HRR.
2. All dividends are to be apportioned and paid proportionately to the amounts paid (or credited as paid) on the HRR Shares during the period in respect of which the dividend is paid.

Rights on Winding Up

If HRR is wound up, the liquidator may, with the sanction of a special resolution of HRR, divide among the HRR Shareholders in kind the whole or any part of the property of HRR. Subject to the rights of HRR Shareholders (if any) entitled to HRR Shares with special rights in a winding-up, all monies and property that are to be distributed among HRR Shareholders on a winding-up must be so distributed in proportion to the HRR Shares held by them respectively, irrespective of the amount paid up or credited as paid up on the HRR Shares.

Transfer of HRR Shares

Generally, HRR Shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, ASX Settlement Operating Rules and the Corporations Act. The Directors of HRR may decline to register any transfer of HRR Shares but only where permitted or required to do so by the ASX Listing Rules or the ASX Settlement Operating Rules.

Future Issues

Subject to HRR's Constitution, the Corporations Act, the ASX Listing Rules and any other applicable laws, and without prejudice to any special rights previously conferred on the holders of any existing HRR Shares or class of HRR Shares, the HRR Directors may allot, issue, grant options over, or otherwise deal with the unissued HRR Shares at the times and on the terms and conditions that the Directors think proper and a HRR Share may be issued with preferred, deferred or special rights, privileges or conditions or restrictions including, but not limited to, restrictions in regard to dividends, voting or return of capital as the Directors from time to time determine.

Variation of Rights

Unless otherwise provided by the terms of issue of HRR Shares of a certain class, the rights attached to HRR Shares of that class may, whether or not HRR is being wound up, be varied or abrogated with the consent in writing of the holders of three quarters of the issued HRR Shares of the relevant class, or with the sanction of a special resolution passed at a meeting of the holders of the HRR Shares of that class.

7.10 Distribution history

There have been no distributions made by HRR to its shareholders in the past 7 years. Prior to 2007, HRR made a number of in-specie distributions of shares in companies which were spun out of HRR.

7.11 Recent HRR Share price performance

HRR Shares are traded on the ASX. The table below shows recent trading prices for HRR Shares:

| | Price per HRR Share |
|--|---------------------------|
| Closing price on 7 March 2014, the last trading day immediately prior to the Announcement Date | A\$0.145 |
| Closing Price on 30 May 2014, the last practicable trading day before the date of this Scheme Booklet | A\$0.115 |
| Highest price during the 3 months ended 30 May 2014, the last practicable trading day before the date of this Scheme Booklet | A\$0.160 on 21 March 2014 |
| Lowest price during the 3 months ended 30 May 2014, the last practicable trading day before the date of this Scheme Booklet | A\$0.115 on 30 May 2014 |

The chart below shows the recent share price performance and trading volume for HRR Shares up until 30 May 2014, the last practicable trading day prior to the date of this Scheme Booklet.



Additionally, the volume weighted average prices and share volumes for HRR Shares up until 30 May 2014, the last practicable trading day prior to the date of this Scheme Booklet are:

| Based on Days where Trading Volume > 0 | Volume Weighted Average Price (A\$) | Shares Traded as a Percentage of Total Shares on Issue (%) |
|--|-------------------------------------|--|
| 10 days | 0.123 | 0.2 |
| 30 days | 0.140 | 1.0 |
| 60 days | 0.140 | 2.9 |
| 90 days | 0.140 | 3.7 |

Neither the HRR Share prices or the historical share price information contained above should be taken as necessarily being an indication of the likely HRR Share price following implementation of the Scheme.

7.12 Interests of HRR and its directors

(a) Interests of HRR Directors in HRR and TRO securities

As at the date of this Scheme Booklet, HRR directors and key employees held interests in securities of HRR and TRO as follows:

| | Interests in HRR Shares | Interests in HRR Options | Interests in TRO Shares | Interests in TRO Options |
|-------------------|-------------------------|--------------------------|-------------------------|--------------------------|
| Mr Craig Readhead | 1,082,972 | 750,000 | Nil | Nil |
| Mr Ian Buchhorn | 46,140,959 | 11,000,000 | Nil | Nil |
| Mr Stephen Dennis | 550,000 | 750,000 | Nil | Nil |
| Mr Bryan Horan | Nil | 2,100,000 | Nil | Nil |

| | | | | |
|---------------------|---------|-----------|-----------|-----|
| Mr David von Perger | 176,692 | 4,000,000 | Nil | Nil |
| Mr Charlie Kempson | 650,000 | 3,000,000 | 2,000,000 | Nil |

(b) Interests of HRR Directors in any material contracts entered into by HRR

HRR leases a field office in Kalgoorlie servicing the KNP from an entity related to a HRR director, Mr Ian Buchhorn, on arm's length commercial terms. The rent paid by HRR for the lease of this office for the period from 1 July 2013 to 31 March 2014 was \$55,350 (plus GST).

HRR's principal corporate advisory law firm, Allion Legal, is an entity related to a HRR director, Mr Craig Readhead. The engagement of Allion Legal is on its standard terms, and the amount paid by HRR to Allion Legal for services provided for the period from 1 July 2013 to 31 March 2014 was \$77,285 (plus GST).

Other than as referred to in this Scheme Booklet, no director or proposed director of HRR holds, or held at any time during the last two years, an interest in:

- (i) the formation or promotion of HRR;
- (ii) property acquired or proposed to be acquired by HRR in connection with:
 - (A) its formation or promotion; or
 - (B) the offer of New HRR Shares; or
- (iii) the offer of New HRR Shares.

(c) Benefits provided to HRR Directors

Non-executive Directors of HRR, Mr Craig Readhead and Mr Stephen Dennis, received a fixed fee for their services as directors. Non-executive Directors fees not exceeding an aggregate of \$500,000 per annum have been approved by HRR in a general meeting on 5 June 2007. There is no direct link between Non-executive Directors fees and corporate performance. There are no termination or retirement benefits for Non-executive Directors (other than statutory superannuation).

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

- No fixed term;
- Current base salary of \$321,000 exclusive of superannuation; and
- In the event that HRR terminates Mr Buchhorn's employment other than for matters concerning fraud and dishonesty and the like, HRR will pay Mr Buchhorn the maximum amount payable in accordance with the formula prescribed by section 200G of the Corporations Act. The length of notice to be given by both parties on termination is six months.

Other than as referred to in this Scheme Booklet, no person has paid or agreed to pay any amount, or provided or agreed to provide any benefit, to a director or proposed director of HRR:

- (i) to induce them to become or to qualify as a director of HRR; or
- (ii) for services provided by that person in connection with the formation or promotion of HRR or the issue of New HRR Shares.

7.13 Risk factors

Risk factors relating to HRR and its business are set out in section 10 of this Scheme Booklet.

7.14 Public information available for inspection

As an ASX listed company and a "disclosing entity" under the Corporations Act, HRR is subject to regular reporting and disclosure obligations. Broadly these require it to announce price sensitive information to ASX as soon as it becomes aware of the information subject to exceptions for certain confidential information. HRR's most recent announcements are available from its website at www.heronresources.com.au. Further announcements concerning HRR will continue to be made available on the website after the date of this Scheme Booklet.

ASX maintains files containing publicly available information about entities listed on its exchange. HRR's files are available for inspection at ASX during normal business hours and are available on the ASX website at www.asx.com.au.

Additionally, copies of documents lodged with ASIC in relation to HRR may be obtained from or inspected at ASIC. Please note ASIC may charge a fee in respect of such services.

The following documents are available for inspection and can be obtained free of charge prior to the Scheme Meeting during normal business hours at the registered office of HRR:

- HRR's constitution;
- HRR's 2013 Annual Report, which contains the consolidated financial statements of HRR for the year ended 30 June 2013 and for the prior comparative period, and HRR's half-yearly financial report for the half-year ended 31 December 2013;
- HRR's quarterly activities and cashflow report; and
- Any other document or financial statement lodged by HRR with ASIC or the ASX under the continuous disclosure reporting requirements in the period after the lodgement of the full-year financial statements for the year ended 30 June 2013 and before the lodgement of this Scheme Booklet with ASIC.

Some of these documents are also available from HRR's website at www.heronresources.com.au.

8. Information about the Merged Entity

8.1 Introduction

The HRR Information, including the information in this Section of the Scheme Booklet, has been prepared and provided by HRR and is the responsibility of HRR. Neither TRO nor its officers, employees or advisers assumes any responsibility for the accuracy or completeness of the HRR Information in this Section. The information in this Section sets out the present intentions of HRR if the Scheme is implemented in relation to:

- The continuation of the business of TRO.
- Any major changes to be made to the business of TRO, including any redeployment of the fixed assets of TRO.
- The future employment of the present employees of TRO.

These intentions are on the basis of the facts concerning TRO which are known to HRR as at the date of this Scheme Booklet.

Final decisions regarding HRR's intentions for TRO will only be made once HRR has undertaken a detailed review of TRO and its operations to evaluate profitability and prospects. Therefore, the intentions of HRR set out in this Section and as directed by the expanded Merged Entity Board may change as new information becomes available or circumstances change.

8.2 HRR's post-Scheme intentions in relation to TRO/Merged Entity

If the Scheme is implemented, HRR will become the holder of all the TRO Shares and, accordingly, TRO will become a wholly owned Subsidiary of HRR. In addition, it is the current intention of the HRR Board that, immediately after the Scheme becomes Effective, the Merged Entity Board will be re-comprised in accordance with Section 8.4. The new Merged Entity Board then intends to:

1. Have as the immediate priority the development of TRO's Woodlawn assets, details of which are set out in section 6.4.
2. Maintain HRR's KNP assets in good standing, and continue to investigate ways to monetise these assets through the application of optimised technology.
3. Rationalise the combined Merged Entity exploration portfolio.
4. Identify and implement cost saving measures across the company, particularly through the potential closure of the TRO Sydney office.
5. Arrange for the removal of TRO from the official list of the TSX approximately three Business Days prior to the Record Date.
6. Arrange for the removal of TRO from the official list of the ASX after the Implementation Date.
7. Arrange for HRR to become listed on the TSX (refer to Section 2.10 for further information regarding the ASX and TSX listings of HRR).

Further information on these priorities is provided below.

Other than as set out above and elsewhere in this Scheme Booklet it is HRR's intention:

1. To continue the business of TRO.
2. Not to make any major changes to the business of TRO.
3. To continue the employment of TRO's employees where there is no duplication.

(a) Business and operations

HRR believes that the merger of HRR and TRO pursuant to the Scheme provides major benefits to both sets of shareholders. To HRR Shareholders, the merger provides a major development asset strongly aligned with the strategic focus of HRR. For TRO Shareholders, the merger provides the necessary funds and a complementary team to enable it to progress with the next stages of the proposed combined WRP and WUP project development. For both sets of shareholders, the merger provides the opportunity to benefit from the

capital growth potential driven by the proposed investments in Woodlawn, and exposure to a prospective and historically proven high grade base metals deposit.

Woodlawn Projects (WUP, WRP, WEP)

HRR intends to pursue the development of the Woodlawn assets as its primary focus. The budget for the Merged Entity will reflect this focus, with spending on Woodlawn over the twelve months following the completion of the Scheme likely to exceed A\$10 million. Plans are being made to undertake:

- Further optimisation studies on the WRP with a view to improving its standalone economics.
- A resource review of the WUP in preparation for a major drilling programme.
- A scoping study on the WUP existing underground Resources to establish mining and geotechnical techniques to be employed.
- A programme of metallurgical test work on different geo-metallurgical types within the WUP, a programme which will continue throughout the drilling campaigns.
- An initial major drilling programme in relation to the WUP in order to target the delineation of additional resources. Following this programme and the assessment of the results, a further decision will be taken on the next optimal step to advance the project that may include the re-accessing of the existing underground workings or further surface drilling to support the completion of a Bankable Feasibility Study and project financing.

Kalgoorlie Nickel Project (KNP)

HRR's KNP will become a second tier project following the implementation of the Scheme, though it will retain significant option value. HRR intends to continue its current programme of work investigating new treatment options for the laterite ores with a view to generating value for shareholders. The work undertaken to date with Simulus Engineers is most encouraging and is planned to be the impetus leading to the introduction of a major strategic partner to further develop the project.

Ultimately, the aim is to monetise the KNP assets for shareholders through a spin out, joint venture or similar corporate transaction.

Other exploration projects

HRR and TRO have a number of exploration stage projects which rank behind Woodlawn and the KNP in terms of priority. As described in this Scheme Booklet, the HRR Board believes that a number of these have excellent drill targets and prospects for the discovery of economic mineralisation. However, HRR will allocate budget for these recognising that the key aim for the Merged Entity is the development of the Woodlawn projects, and HRR will where appropriate seek to rationalise these exploration assets, selling, joint venturing or otherwise divesting assets which are considered non-core with the aim of preserving cash for its core programmes.

(b) *Intentions as to employees*

Both HRR and TRO have lean corporate teams, focused on the pursuit of each company's respective projects. As a result, there are unlikely to be major changes to employee numbers in the short term. If the Sydney office is closed, there may be a small number of redundancies associated with employees who do not wish to transition to Perth or site locations.

(c) *Corporate matters*

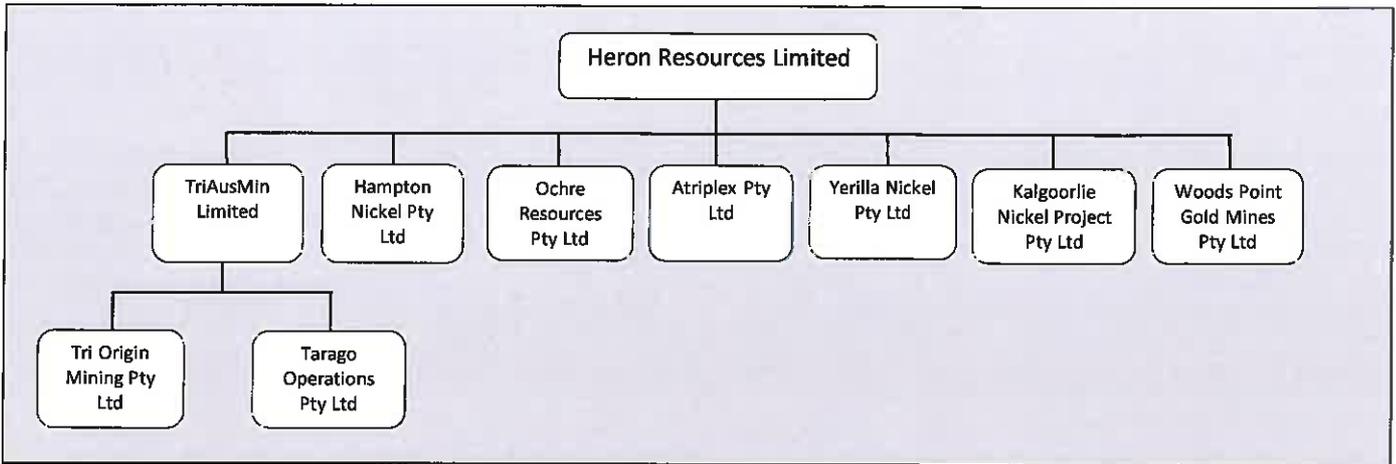
If the Scheme becomes Effective, TRO will apply to ASX and TSX for suspension of trading in TRO Shares on ASX and TSX. The last day of trading in TRO Shares on ASX is expected to be the close of trade on the Effective Date (Sydney time). The last day of trading in TRO Shares on TSX is expected to be the close of trade on the Effective Date (Toronto time). Requests will also be made to remove TRO from the official lists of ASX and TSX. TRO is expected to be delisted from the TSX approximately five Business Days prior to the Record Date and from ASX shortly following the Implementation Date.

Following implementation of the Scheme, HRR intends to remain listed on ASX. An application has also been made to the TSX for the listing and posting for trading on the TSX of the New HRR Shares. See Section 2.10 for further information.

The head office of HRR will remain in West Perth, with satellite offices in Kalgoorlie, Woodlawn and, initially, Sydney. It is anticipated that the Sydney office would close within 12 months from the Implementation Date, though a decision on this will be taken at the time based on the advantages and disadvantages of retaining the office.

(d) Corporate structure

All entities within the Merged Entity group are owned 100% by HRR.



(e) Capital structure and Substantial Shareholders

Following implementation of the Scheme, HRR will have approximately 360.88 million shares on issue and approximately 14 million options on issue. Based on HRR and TRO's share registers and disclosures of significant shareholdings as at the date of this Scheme Booklet, it is anticipated that HRR will have the following significant shareholders:

| Holder | Shares | Percentage Held |
|--------------------------------|------------|-----------------|
| Ian Buchhorn | 46,140,959 | 12.8% |
| BHP Billiton | 37,577,126 | 10.4% |
| Vale Inco | 32,440,651 | 9.0% |
| Dr James Gill | 15,975,541 | 4.4% |
| MBM Corporation | 14,873,098 | 4.1% |
| Tri Origin Exploration Limited | 12,562,241 | 3.5% |

In terms of geographic spread, it is expected that as at the Implementation Date, HRR will have approximately 23% of its shares listed on the TSX, and approximately 77% listed on the ASX.

(f) Tax Losses of Merged Entity

HRR has received preliminary advice regarding its tax losses which supports the utilisation of \$60 million of those losses against future profits of Merged Entity Woodlawn projects. This gives a potential benefit to Merged Entity of \$18 million (at the corporate tax rate of 30%) as long as Merged Entity continues to satisfy the Australian Taxation Office requirements for utilisation of those losses.

8.3 Board composition and senior management after the Scheme

The Merged Entity will have a strengthened Board and management team with extensive experience across the resources sector and a common vision around the pursuit of the development of the Woodlawn Project.

HRR currently has three Board members:

- Craig Redhead - Independent Non-executive Chairman.
- Ian Buchhorn - Managing Director.
- Stephen Dennis - Independent Non-executive Director.

TRO currently has five Board members, of which three are based in Canada. These are:

- Dr James W Gill (Canada) – Independent Non-executive Chairman.
- William F Killinger AM (Australia) - Independent Non-executive Director.
- Alan J E Snowden (Canada) – Independent Non-executive Director.
- Wayne R Taylor (Australia) – CEO and Managing Director.
- Dr Robert I Valliant (Canada) – Independent Non-executive Director.

Following the implementation of the Scheme, HRR and TRO have agreed that the Board of Directors of HRR will comprise three members from the current HRR Board and two from the current TRO Board, as follows:

- Craig Readhead (current HRR Director) – Independent Non-executive Chairman.
- Dr James Gill (current TRO Director) – Independent Non-executive Deputy Chairman.
- Wayne Taylor (current TRO Director) – CEO and Managing Director.
- Ian Buchhorn (current HRR Director) – Executive Director.
- Stephen Dennis (current HRR Director) – Independent Non-executive Director.

The Board will be governed by HRR's current Corporate Governance Policies, which can be accessed at HRR's website.

Senior Officers of the merged entity will be:

- Bryan Horan – Joint Company Secretary.
- Simon Smith – Joint Company Secretary.

8.4 Merged Entity pro-forma financial information (in A\$)

This Section contains the unaudited pro-forma financial information for the Merged Entity which must be read in conjunction with the notes set out below.

The selected historical financial information in this Section has been extracted from TRO's and HRR's financial statements for the nine months ended 31 March 2014 and the audited financial statements for the year ended 30 June 2013.

The information in this section is a summary only and has been prepared solely for inclusion in this Scheme Booklet.

BDO East Coast Partnership has prepared a compilation report on the unaudited pro forma consolidated financial statements of the Merged Entity as at 31 March 2014, which is contained in Annexure G.

BALANCE SHEET FOR THE NINE MONTHS TO 31 MARCH 2014 ('000's)

| | As reported TRIAUSMIN | As reported HERON | PRO FORMA ADJUSTMENTS | | Notes | PRO FORMA MERGED ENTITY |
|--|--------------------------|----------------------|-----------------------|---------------|-------|----------------------------|
| | | | DEBIT | CREDIT | | |
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | 1,574 | 33,648 | - | - | | 35,222 |
| Receivables | 19 | 353 | - | - | | 372 |
| Other current assets | 21 | 0 | - | - | | 21 |
| Convertible Note | 0 | 1,300 | - | 1,300 | 4 (d) | - |
| Investments | 0 | 77 | - | - | | 77 |
| TOTAL CURRENT ASSETS | 1,614 | 35,378 | - | 1,300 | | 35,692 |
| NON-CURRENT ASSETS | | | | | | |
| Property, plant and equipment | 183 | 69 | - | - | | 252 |
| Exploration and evaluation expenditure | 27,978 | 5,070 | - | 12,652 | 4 (b) | 20,396 |
| Trade and other receivables | 0 | 35 | - | - | | 35 |
| Investments | 0 | 5,024 | - | - | 4 (c) | 5,024 |
| TOTAL NON-CURRENT ASSETS | 28,161 | 10,198 | - | 12,652 | | 25,707 |
| TOTAL ASSETS | 29,775 | 45,576 | - | 13,952 | | 61,399 |
| LIABILITIES | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Trade and other payables | 175 | 284 | - | 300 | 4(a) | 759 |
| Provisions | 59 | 532 | - | - | | 591 |
| Convertible Note | 1,215 | - | 1,215 | - | 4 (d) | - |
| TOTAL CURRENT LIABILITIES | 1,449 | 816 | 1,215 | 300 | | 1,350 |
| NON-CURRENT LIABILITIES | | | | | | |
| Provisions | 30 | - | - | - | | 30 |
| TOTAL NON-CURRENT LIABILITIES | 30 | - | - | - | | 30 |
| TOTAL LIABILITIES | 1,479 | 816 | 1,215 | 300 | | 1,380 |
| NET ASSETS | 28,296 | 44,760 | (1,215) | 13,652 | | 60,019 |
| EQUITY | | | | | | |
| Contributed equity - Ordinary shares | 41,244 | 116,035 | 41,244 | - | 4 (b) | 116,035 |
| Contributed equity - New HRR Ordinary shares | - | - | - | 15,644 | 4 (c) | 15,644 |
| Convertible Note - Equity | 91 | - | 91 | - | 4 (d) | - |
| Revaluation reserve | - | (113) | - | - | | (113) |
| Option reserve | 2,969 | 6,301 | 2,969 | - | 4 (b) | 6,301 |
| Accumulated losses | (16,008) | (77,463) | - | 15,623 | 4 (b) | (77,848) |
| TOTAL EQUITY | 28,296 | 44,760 | 45,519 | 45,519 | | 60,019 |

| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | | | | | |
|--|----------------------------------|------------------------------|----------------------------------|--------------|------------------------------------|
| FOR THE YEAR ENDING 30 JUNE 2013 (\$A '000's) | | | | | |
| | As reported TRIAUSMIN | As reported HERON | PRO FORMA ADJUSTMENTS | Notes | PRO FORMA MERGED ENTITY |
| Revenues from Continuing Activities | 67 | 1,869 | - | | 1,936 |
| Employee benefits expense | (\$826) | (\$571) | - | | (\$1,397) |
| Share based payments | (\$57) | (\$1,322) | - | | (\$1,379) |
| Professional and legal fees | (\$199) | (\$843) | - | | (\$1,042) |
| Insurance expense | (\$41) | (\$61) | - | | (\$102) |
| Depreciation and amortisation | (\$23) | (\$110) | - | | (\$133) |
| Other expenses | (\$302) | (\$726) | - | | (\$1,028) |
| Directors Fees | (\$174) | (\$202) | - | | (\$376) |
| Exploration expenditure expenses as incurred | - | (\$2,971) | - | | (\$2,971) |
| Exploration expenditure written off | - | (\$108) | - | | (\$108) |
| Exploration & evaluation impairment | - | (\$1,600) | - | | (\$1,600) |
| Investment Impairment | - | (\$3,450) | - | | (\$3,450) |
| Loss before income tax expense | (\$1,555) | (\$10,095) | - | | (\$11,650) |
| Income tax expense | - | - | - | | - |
| Loss after income tax expense for the half year | (\$1,555) | (\$10,095) | - | | (\$11,650) |
| Other comprehensive income | | | | | |
| Changes in market value of financial assets | - | (\$388) | - | | (\$388) |
| Total comprehensive loss for the half year attributable to members | (\$1,555) | (\$10,483) | - | | (\$12,038) |
| Loss per share attributable to the ordinary equity holders of the company | | | | | |
| Basic loss per share (cents) | (\$0.0066) | (\$0.0399) | - | | (\$0.0334) |
| Diluted loss per share (cents) | (\$0.0066) | (\$0.0399) | - | | (\$0.0334) |

| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | | | | | |
|--|----------------------------------|------------------------------|----------------------------------|--------------|------------------------------------|
| FOR THE NINE MONTHS ENDING 31 MARCH 2014 (\$A '000's) | | | | | |
| | As reported TRIAUSMIN | As reported HERON | PRO FORMA ADJUSTMENTS | Notes | PRO FORMA MERGED ENTITY |
| Revenues from Continuing Activities | \$20 | \$1,096 | - | | \$1,116 |
| Employee benefits expense | (\$643) | (\$228) | - | | (\$871) |
| Share based payments | (\$18) | (\$760) | - | | (\$778) |
| Professional and legal fees | (\$233) | (\$297) | - | | (\$530) |
| Insurance expense | (\$17) | (\$43) | - | | (\$60) |
| Depreciation and amortisation | (\$16) | (\$44) | - | | (\$60) |
| Other expenses | (\$137) | (\$461) | - | | (\$598) |
| Directors Fees | (\$131) | (\$130) | - | | (\$261) |
| Interest Expense - Convertible Note | (\$6) | - | - | | (\$6) |
| Exploration expenditure expenses as incurred | - | (\$2,722) | - | | (\$2,722) |
| Exploration expenditure written off upon acquisition | - | - | (\$12,652) | 4 (b) | (\$12,652) |
| Loss before income tax expense | (\$1,181) | (\$3,589) | (\$12,652) | | (\$17,422) |
| Income tax expense | - | - | - | | - |
| Loss after income tax expense for the half year | (\$1,181) | (\$3,589) | (\$12,652) | | (\$17,422) |
| Other comprehensive income | | | | | |
| Changes in market value of financial assets | - | (\$113) | - | | (\$113) |
| Total comprehensive loss for the half year attributable to members | (\$1,181) | (\$3,702) | (\$12,652) | | (\$17,535) |
| Loss per share attributable to the ordinary equity holders of the company | | | | | |
| Basic loss per share (cents) | (\$0.0047) | (\$0.0142) | - | | (\$0.0486) |
| Diluted loss per share (cents) | (\$0.0047) | (\$0.0142) | - | | (\$0.0486) |

1. Basis of preparation

The accompanying unaudited pro-forma consolidated balance sheet of the Merged Entity as at 31 March 2014 and the unaudited pro-forma consolidated statement of comprehensive income for the nine months ended 31 March 2014 and the year ended 30 June 2013 (collectively the "pro-forma consolidated financial statements") have been prepared to reflect the acquisition by HRR of all of the issued and outstanding shares of TRO.

The pro-forma consolidated financial statements have been prepared from:

- The audited financial statements for the year ended 30 June 2013 and the management prepared nine month Financial Statements to 31 March 2014 of TRO prepared under IFRS
- The audited financial statements for the year ended 30 June 2013 and the management prepared nine month Financial Statements to 31 March 2014 of HRR prepared under IFRS

The pro-forma consolidated financial statements have been prepared by management. Accounting policies used in preparation of the pro-forma financial statements are in accordance with those disclosed in HRR and TRO's audited financial statements for the year ended 30 June 2013 and nine months ended 31 March 2014. In the opinion of management, these pro-forma consolidated financial statements include all necessary adjustments for fair presentation of the combined entity.

The pro-forma consolidated financial statements give effect to the assumed Scheme of Arrangement and assumptions described in Note 4 as if they had occurred on 31 March 2014. The pro-forma consolidated financial statements may not be indicative of the results that actually would have occurred if the events reflected therein had been in effect on the dates indicated or of the results which may be obtained in the future. In preparing these pro-forma consolidated financial statements, no adjustments have been made to reflect the operating synergies and administrative cost savings that could result from the operations of the combined assets.

2. Significant accounting policies

The accounting policies used in the preparation of these unaudited pro-forma financial statements are those set out in HRR's audited financial statements for the year ended 30 June 2013. In preparing the unaudited pro-forma consolidated financial information, a review was undertaken to identify TRO's accounting policy differences where the impact was potentially material and could be reasonably identified. The significant accounting policies of TRO are believed to conform in all material respects to those of HRR.

3. Scheme of arrangement

On 10 March 2014, HRR and TRO announced that they had entered into a Scheme Implementation Agreement under which, subject to the satisfaction or waiver, as applicable, of defined conditions, HRR will acquire all of the TRO shares through a scheme of arrangement in consideration of 1 New HRR Share for every 2.33 TRO Shares.

Pursuant to the Scheme, TRO shareholders will be issued approximately 107,892,296 shares in HRR representing approximately 30% of HRR's shares on a post consolidation basis.

The unaudited pro-forma consolidated financial statements assume that the cost of the acquisition would be approximately \$15,644,000 being the fair value of the 107,892,296 New HRR Shares issued to TRO shareholders at the market value of \$0.145 per share.

The following table summarises the estimated fair value of assets acquired and liabilities assumed as at the date of the pro-forma consolidated financial statements.

4. Pro-forma assumptions and adjustments

- To accrue for the estimated transaction expenses totalling \$300,000 for both HRR and TRO.
- To record the acquisition of TRO at an estimated fair value equivalent to the purchase price of \$15,644,000 as detailed in Note 3 and to eliminate the book value of TRO's equity accounts.

| Net Assets Acquired of TRO (000's) | |
|--|---------------|
| Cash | 1,574 |
| Other current assets | 40 |
| Property, plant and equipment | 183 |
| Exploration Activities | 15,326 |
| Current Liabilities | (1,449) |
| Non-current liabilities | (30) |
| Total Net Assets Acquired | 15,644 |

- To reflect the acquisition cost of \$15,644,000 being the fair value of the 107,892,296 New HRR shares issued to TRO shareholders at the market value of \$0.145 cents per share based on the Heron share price on 7 March 2014, the last trading day prior to the announcement of the Scheme.

d) To reflect the \$1,300,000 HRR Convertible Notes subscribed for by HRR in TRO to provide short term working capital.

5. Pro-forma weighted average number of ordinary fully paid shares

Pro-forma actual weighted average number of ordinary fully paid shares of HRR for the respective period.

| For year ended 30 June 2013 | As reported HERON | Pro forma adjustments | Notes | Pro forma Merged Entity |
|--|----------------------|--------------------------|--------------------------------|----------------------------|
| Ordinary fully paid shares - beginning of the period | 252,985,787 | | | 252,985,787 |
| Shares issued under Scheme | | 107,892,296 | 3 | 107,892,296 |
| Total | 252,985,787 | 107,892,296 | | 360,878,083 |
| | | Loss per share | | |
| | | | Basic loss per share (cents) | (\$0.0334) |
| | | | Diluted loss per share (cents) | (\$0.0334) |
| For the nine months ended 31 March 2014 | As reported HERON | Pro forma adjustments | Notes | Pro forma Merged Entity |
| Ordinary fully paid shares - beginning of the period | 252,985,787 | | | 252,985,787 |
| Shares issued under Scheme | | 107,892,296 | 3 | 107,892,296 |
| Total | 252,985,787 | 107,892,296 | | 360,878,083 |
| | | Loss per share | | |
| | | | Basic loss per share (cents) | (\$0.0486) |
| | | | Diluted loss per share (cents) | (\$0.0486) |

9. Taxation considerations

9.1 Australian taxation considerations

The following is a general summary regarding the Australian income tax implications for Australian tax resident TRO Shareholders who participate in the Scheme and subsequently hold HRR Shares.

The statements contained in this section are necessarily general in nature, and do not take into consideration the specific circumstances of each TRO Shareholder. In particular, the summary below is based on the assumption that all TRO Shares were acquired by TRO Shareholders after 21 September 1999 and are held on capital account. That is, the summary does not consider the tax implications arising in respect of any TRO Shareholders who acquire their shares and have applied those shares as share traders, in an investment business, as tax exempt entities or as life insurance companies. As a result this summary excludes discussion for TRO Shareholders who otherwise hold their TRO Shares on revenue account or as trading stock, and TRO Shareholders who are subject to Division 230 of the Income Tax Assessment Act 1997.

The statements contained in this section extend to Australian tax resident TRO Shareholders and do not apply to any overseas taxes payable by foreign resident shareholders (including any Canadian resident TRO Shareholders). TRO Shareholders who are non-Australian residents for tax purposes should take into consideration both the taxation laws in their place of residence, but also the Australian tax implications which may apply to them.

The comments in this summary are limited to the Australian income tax implications, and do not extend to any foreign income taxes which may be applicable to the transactions contemplated by the Scheme.

Due to the general and limited nature of the comments, TRO Shareholders should not rely on the comments contained in this section, and should seek professional tax advice which is specific to their individual facts and circumstances.

Finally, the following summary is based on the Australian taxation law and administrative practice as at the date of the Scheme Booklet and it is possible that relevant tax law changes may be made subsequently which impact the tax implications of the Scheme.

(a) Capital gains tax on disposal of TRO Shares to HRR

Capital gains tax applies to the disposal of any shares in HRR, where the taxpayer acquired those shares as longer term investments.

The disposal of TRO Shares to HRR will give rise to a CGT event for TRO Shareholders at the time of the disposal to HRR. This would generally be the date of share exchange.

TRO Shareholders will prima facie derive a capital gain on the disposal of their TRO Shares to the extent that the market value of the capital proceeds (the HRR share consideration value) received exceeds the cost base of their TRO Shares.

Conversely, TRO Shareholders will incur a capital loss on the disposal of those shares to the extent that the capital proceeds received is less than the cost base or reduced cost base (as the case may be) of the TRO Shares held.

In this respect, as all Australian resident TRO Shareholders will receive New HRR Shares as consideration for their TRO Shares under the Scheme, the capital proceeds will be equal to the market value of the New HRR Shares received under the Scheme determined on the day of the share exchange.

The cost base of the TRO Shares held by each TRO Shareholder will generally include any consideration paid to acquire those shares plus certain related costs of acquisition, including incidental costs of acquisition such as brokerage costs and stamp duty. The reduced cost base of shares is determined similarly, though there are some limitations on including certain related costs; in the context of TRO it is unlikely that any shareholders will have a reduced cost base and will rely on their cost base.

Each TRO Shareholder should seek separate tax advice to confirm the cost base or reduced cost base of their TRO Shares and hence to determine the extent of any capital gain or loss arising on the disposal of the TRO Shares to HRR.

The taxing point will be the date of the disposal and thus the year of tax will be the year wherein the date of disposal occurs.

(b) CGT rollover relief on disposal of TRO Shares

TRO Shareholders who make a capital gain on the disposal of their TRO Shares to HRR may be eligible to elect for CGT rollover relief in respect of that gain.

A TRO Shareholder who makes a capital loss on the disposal of their TRO Shares to HRR cannot choose CGT rollover relief (that is, the TRO Shareholder cannot elect to defer the capital loss they incur as a result of the Scheme).

If a TRO Shareholder is eligible and makes an election to apply CGT rollover relief, any capital gain on the disposal of the TRO Shares to HRR would be disregarded (that is, taxation of the capital gain is effectively deferred until the HRR Shares are sold or otherwise disposed).

Where the CGT rollover relief is elected, the CGT cost base of the TRO Shareholder's interests in the TRO Shares would effectively transfer to the New HRR Shares acquired. That is, the cost base of the TRO Shares will become the cost base of the New HRR Shares acquired. This will be relevant for any future disposal of the New HRR Shares by those TRO Shareholders.

To choose CGT rollover relief, a TRO Shareholder must make a choice before lodging their income tax return for the income year in which the disposal date occurs. The way in which a TRO Shareholder prepares their income tax return is evidence of making the choice (that is by not including the disregarded capital gain in their assessable income). There is no expectation or need for the TRO Shareholder to lodge a notice with the Australian Taxation Office evidencing the election to choose CGT rollover relief unless so requested by the ATO and then only on such request.

(c) Tax implications where CGT rollover relief is either not available, or not elected

If a TRO Shareholder is either ineligible for CGT rollover relief, or does not elect to apply the CGT rollover relief, any capital gain arising on disposal of the TRO Shares to HRR will not be disregarded.

In these circumstances, the amount of any taxable capital gain will be based on the cost base of the TRO Shares and the market value of the New HRR Shares acquired, as determined on the Implementation Date.

TRO Shareholders who are either individuals, superannuation funds or trusts (including deceased estates in the process of finalisation) may be entitled to a CGT discount where those TRO Shares had been held by the TRO Shareholder for more than 12 months. The CGT discount for individuals and trusts (where the beneficiaries are individuals) is 50%, and for superannuation funds is 33^{1/3}%. Shareholders who are companies are not entitled to a CGT discount.

The amount of any taxable gain to any TRO Shareholder would also be subject to the recoupment of any other taxable losses during the relevant and prior income years.

Where CGT rollover relief is not applied, for any future disposal of the acquired New HRR Shares acquired, the cost base of the New HRR Shares acquired will be equal to the market value of those HRR Shares on the Implementation Date.

(d) Assessability of future dividend income received from HRR Shares

Dividends received by TRO Shareholders in respect of the New HRR Shares will be assessable income to those TRO Shareholders in the year of receipt.

As neither HRR nor TRO conduct operations overseas, the derivation of foreign dividends or the application of foreign tax credits is not discussed.

At this point neither TRO nor HRR have any franking credits in Australia, so dividends would be unfranked.

(e) Future disposal of New HRR Shares

Any future disposal of New HRR Shares would trigger an Australian CGT event. The determination of any capital gain or loss should prima facie be calculated as discussed above depending on whether or not the TRO Shareholder elected to apply a CGT rollover relief.

That is, if CGT rollover relief has been elected for the TRO shares disposal, the calculation of any capital gain or loss on any future disposal of New HRR Shares will be based on the historical cost base to the TRO Shareholder of their original TRO Shares which were disposed of on the Implementation Date.

Alternatively, if CGT rollover relief was not elected or available, then any future capital gain or loss would be determined based on a cost base for the New HRR Shares equal to the market value of those shares on the Implementation Date.

A TRO Shareholder who is an individual, complying superannuation fund or trust may be entitled to apply the CGT discount in respect of any capital gain referable to the sale of the New HRR Shares regardless of whether they elected to rollover their gains on disposal of the TRO shares.

In order to be entitled to the CGT discount, the New HRR Shares must be held for more than 12 months before the disposal.

For TRO Shareholders who are individuals, superannuation funds or trusts, and who elected to apply the CGT rollover relief on the disposal of their TRO Shares, the 12 month holding period in respect of the New HRR Shares would be deemed to commence at the date of acquisition of the original TRO Shares which were disposed of on the Implementation Date.

Conversely, for those TRO Shareholders who do not elect or are not eligible for CGT rollover relief to apply on the disposal of the TRO Shares, the 12 month holding period would commence at the Implementation Date.

If the CGT discount is available, any net capital gain on disposal of HRR Shares is reduced by 50% for individuals and trusts (including deceased estates) where the beneficiaries are individuals, and by 33^{1/3}% for complying superannuation entities.

(f) *Employees' or Former Employees' Options or Shares*

If an employee has received shares or options under an employee share and/or option scheme from TRO, then the key to the tax position will be whether the employee shares or options have passed the taxing point and an amount of a potential gain has been determined for that grant or issue.

Assuming the employee has held their shares or options post the taxing point then he or she will have had an amount included in their assessable income or there may be a NIL tax result (because the formulae in the Tax Act calculates a zero result). Whatever amount has been included in the employees assessable income (if any) then this quantum, plus any cash they may have paid out to TRO to acquire the shares, becomes his or her cost base in their shares or options.

In the event the shares or options held have not past the taxing point because of some issue in the Tax Act such as risk of forfeiture, then the employee may have no cost base other than any cash he or she may have paid out to TRO to acquire the shares.

On the basis that the employee has been granted employee options and they remain in existence at the Implementation Date, then an exchange of like options in HRR for TRO options should normally be able to receive the benefit of CGT rollovers as CGT assets. However to be a CGT asset the options must have past the taxing point.

Similarly to receive the benefit of a rollover for TRO shares, these shares will have had to have past the taxing point.

(g) *Non-resident Shareholders Australian Income Tax Exposures*

Currently the Tax Act only requires foreign residents to include in their Australian taxable capital gains a disposal of TRO shares when those taxpayers held at any time in the past 24 months shares in TRO exceeding 10% of the issued capital of TRO. Otherwise these foreign residents would have no disclosure obligations or any withholding tax exposures for Australian tax purposes.

(h) *State Stamp Duty and GST*

As both HRR and TRO shares are and will be ASX listed securities, it is expected that there will be no State Stamp duties or transfer duties on the share exchange.

The transfer of shares and the issue of shares are GST input taxed, meaning that there will be no GST on the share swap.

9.2 *Canadian taxation considerations*

This section describes the principal Canadian federal income tax considerations generally applicable under the Canadian Tax Act to a Canadian Scheme Participant.

The following summary describes certain Canadian federal income tax considerations generally applicable to a beneficial owner of TRO Shares who disposes of TRO Shares pursuant to the Scheme and who, at all relevant times, for purposes of the *Income Tax Act* (Canada) (the "ITA"):

- i. Is, or is deemed to be, resident in Canada.
- ii. Deals at arm's length with TRO and with HRR.

- iii. Is not affiliated with TRO.
- iv. Holds TRO Shares as capital property (a “**Canadian Shareholder**”).

Generally, TRO Shares will be capital property to a TRO Shareholder unless such TRO Shares are held or were acquired in the course of carrying on a business or as part of an adventure or concern in the nature of trade. The TRO Shares are not “Canadian securities”, for the purpose of the election under subsection 39(4) of the ITA to treat all Canadian securities owned by the holder as capital property, and therefore no such election will apply to the TRO Shares.

This summary is not applicable to a Canadian Shareholder

- i. That is a “specified financial institution”
- ii. An interest in which is a “tax shelter investment”.
- iii. That is a “financial institution” for purposes of certain rules applicable to securities held by financial institutions (referred to as the “mark-to-market” rules).
- iv. That reports its “Canadian tax results” in a currency other than Canadian dollars.
- v. In respect of which TRO or HRR is a “foreign affiliate” for the purposes of the ITA, each defined in the ITA.

Such holders should consult their own tax advisors with respect to the consequences of the Scheme. This summary assumes that neither TRO nor HRR are resident in Canada for the purposes of the ITA.

This summary is not applicable to a Canadian Shareholder who acquired TRO Shares on the exercise of employment stock options, including TRO Options.

This summary is based on the current provisions of the ITA, the regulations thereunder (the “**Regulations**”), and an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (“**CRA**”) which have been made public prior to the date hereof. This summary takes into account all specific proposals to amend the ITA and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and assumes that all Proposed Amendments will be enacted in the form proposed. No assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies or assessing practices whether by legislative, regulatory, administrative or judicial action or decision, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction which may be different from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Canadian Shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Canadian Shareholders should consult their own tax advisors having regard to their own particular circumstances.

For purposes of the ITA, all amounts relating to the acquisition, holding or disposition of the TRO Shares must be expressed in Canadian dollars, including adjusted cost base and proceeds of disposition. Any amount denominated in another currency must be converted into Canadian dollars using exchange rates as determined in accordance with the ITA.

a. Disposition of TRO Shares

Under section 85.1 of the ITA, a Canadian Shareholder who receives HRR Shares in exchange for TRO Shares, will generally be considered to have disposed of TRO Shares for proceeds of disposition equal to the adjusted cost base of the TRO Shares disposed of, will not recognize a capital gain or a capital loss in respect of the disposition and will be deemed to acquire HRR Shares at a cost equal to the adjusted cost base of the TRO Shares disposed of. This cost will be averaged with the adjusted cost base of all other HRR Shares held by the Canadian Shareholder as capital property for the purposes of determining the adjusted cost base of each HRR Share held by such Canadian Shareholder. Section 85.1 will generally apply to the exchange provided that:

- i. Such Canadian Shareholder does not include any portion of the gain or loss otherwise determined from such exchange in computing the Canadian Shareholder’s income.
- ii. Immediately before the exchange, the Canadian Shareholder and HRR are dealing with each other at arm’s length.
- iii. Immediately after the exchange, such Canadian Shareholder, persons with whom such holder does not deal at arm’s length or the holder together with such persons, do not control HRR or beneficially own HRR Shares having a fair market value of more than 50% of the fair market value of all the outstanding HRR Shares.

iv. No consideration other than HRR Shares is received on the exchange.

A Canadian Shareholder may choose to file a Canadian tax return recognizing a capital gain or a capital loss on the exchange of TRO Shares for HRR Shares pursuant to the Scheme in such holder's taxation year which includes the Effective Date. In such event, the Canadian Shareholder will be considered to have disposed of the TRO Shares for proceeds of disposition equal to the fair market value of the HRR Shares received on the exchange. Such holder will realize a capital gain (or capital loss) equal to the amount by which the Canadian Shareholder's proceeds of disposition exceed (or are less than) the adjusted cost base of that Canadian Shareholder's TRO Shares immediately before the exchange and any reasonable costs of disposition. Any Canadian Shareholder that chooses to recognize a capital gain or capital loss will acquire the HRR Shares at a cost equal to the fair market value of such HRR Shares received on the exchange. The cost of such HRR Shares must be averaged with the adjusted cost base of all other HRR Shares held by such Canadian Shareholder to determine the adjusted cost base of each HRR Share to the holder. Such capital gain (capital loss) will be subject to the tax treatment described below under the heading "*Taxation of Capital Gains and Capital Losses*". It is not possible for a Canadian Shareholder to elect to recognize only a portion of the gain otherwise realized on the disposition of TRO Shares using the mechanism described above.

Foreign tax, if any, levied on any gain realised on the disposition of TRO Shares may be eligible for a foreign tax credit under the ITA to the extent and under the circumstances prescribed therein.

b. Taxation of Capital Gains and Capital Losses

A Canadian Shareholder will be required to include one-half of the amount of any capital gain (a "**taxable capital gain**") in income, and will generally be required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") against taxable capital gains realized by the taxpayer in the year of disposition. Allowable capital losses not deducted in the taxation year in which they are realized may be carried back and deducted in any of the three preceding taxation years, or carried forward and deducted in any subsequent taxation year, against taxable capital gains realized in such years, to the extent and under the circumstances specified in the ITA.

A Canadian Shareholder that is a "Canadian-controlled private corporation", as defined in the ITA, may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its "aggregate investment income" for the year which includes an amount in respect of taxable capital gains.

10. Risk factors

10.1 Introduction

HRR Shares will be issued as the consideration pursuant to the Scheme and TRO Shareholders should be aware of the risk factors that may affect the value of HRR Shares, including material risks that HRR currently faces with respect to its business and operations.

The value of New HRR Shares will be influenced by a range of factors, many of which will be beyond the control of the Merged Entity. These risks include general risks associated with:

- Financial matters.
- Business and operations.
- Specific projects.
- Acquisitions.
- Equity market sentiment.
- Specific commodity market prices.
- Integration of TRO and HRR into the Merged Entity.

Exploration and mining companies are generally exposed to many of these risks. The TRO businesses which will form part of the Merged Entity face many of these risks already and they are therefore risks to which you already have some exposure. However, a number of risks will be new and could be potentially greater in impact than is currently the case in relation to TRO.

The operations of HRR involve inherent risks due to the nature of its business which is the acquisition, financing, exploration, development and operation of mining properties.

These risks could materially affect HRR's and the Merged Entity's future operating results and could cause actual events to differ materially from those described in forward looking statements in this Scheme Booklet relating to HRR and the Merged Entity.

Some of the more significant risks which may affect the operations of the Merged Entity are set out below. These risks do not take into account individual investment objectives, financial situation, position or particular needs.

10.2 Risks specific to the transaction and the creation of the Merged Entity

(a) *Value of the Scheme Consideration is not certain*

The value of the New HRR Shares will fluctuate depending on the price at which the New HRR Shares trade on the ASX and the TSX after the Implementation Date.

For Ineligible Foreign Shareholders, the value of the consideration they will receive will depend on the price, net of sale expenses, realised by the Ineligible Foreign Shareholder Nominee in respect of the sale of New HRR Shares attributable to the Ineligible Foreign Shareholders.

Some Scheme Participants may not intend to continue to hold the New HRR Shares received and may wish to sell them on the ASX or the TSX soon after the Implementation Date. In addition, the Ineligible Foreign Shareholder Nominee will sell New HRR Shares attributable to Ineligible Foreign Shareholders on market as soon as reasonably practicable after the Implementation Date. There is a risk that such sales may exert downward pressure on HRR's share price in the short term.

In any event, there is no guarantee regarding the market price of HRR Shares either in the period before the Scheme Meeting or after the Implementation Date. Future market prices may be either above or below current or historical market prices.

(b) *TSX Listing*

HRR Shares do not currently trade on the TSX. Although an application has been made for the listing of HRR Shares on the TSX, there can be no assurance that TSX will approve the application and that HRR Shares will ever become listed on the TSX or remain listed thereafter on the TSX, ASX or any exchange or recognised market.

It is a condition of the Scheme (for the sole benefit of HRR and which can be waived by HRR) that before 8.00am on the Second Court Date, the TSX issues such consents and does such other acts that HRR considers (acting reasonably) are necessary for the listing and posting for trading on the TSX of the New

HRR Shares (subject only to the satisfaction of listing conditions of the TSX) and such consents and approvals are not withdrawn, cancelled, revoked or varied. If such consent or approvals are not granted, the Scheme may not proceed.

Alternatively, if such consent or approvals are not granted and HRR waives this condition, the Scheme may be implemented but the New HRR Shares will not become listed on the TSX.

(c) Integration

There is a risk that the Merged Entity's success and profitability could be adversely affected if TRO's business is not integrated effectively, although given the small size of both HRR and TRO's teams this is unlikely to be a material risk. Nevertheless there is a risk that integration could take longer or cost more than expected or that the anticipated benefits and synergies of the integration may be less than estimated.

Possible problems may include:

- Integration of IT and filing systems.
- Integration of geological data systems and databases.
- Adoption and integration of standardized employment contracts.
- Multiple offices, requiring one or more to be closed once specific leasing contracts expire.

(d) Change in risk and investment profile

Scheme Participants will receive New HRR Shares in exchange for their TRO Shares. An investment in HRR is not the same as an investment in TRO as the Merged Entity will have a different risk and investment profile.

Shareholders will be exposed to risk factors specifically relating to HRR, and to certain risks relating to the Merged Entity.

The investment profile for Shareholders will change. While the operations of HRR and TRO are similar in a number of ways, the operational profile, capital structure and size of the Merged Entity will be different to that of TRO on a standalone basis. In particular, exposure to HRR differs from exposure to TRO since it holds a larger amount of cash on its balance sheet relative to its market capitalisation as at the date of this Scheme Booklet, as well as holding the Kalgoorlie Nickel Project as part of its exploration portfolio.

These changes in risk and investment profile may be viewed differently by some Shareholders.

(e) Risks if the Scheme does not proceed

If the Scheme does not proceed and no other acceptable proposal is received, TRO will continue on a standalone basis. Shareholders will retain their TRO Shares. In these circumstances there is a risk that TRO Shares may trade at a pre-Scheme (lower) price.

TRO will have incurred significant transaction costs in relation to the proposed Scheme even if it does not proceed. It is estimated that these costs (which includes filing fees, legal and accounting fees, fees to the Independent Expert, regulatory fees and mailing cost) will be approximately \$300,000.

In addition, under the Scheme Implementation Agreement, TRO may be required to pay a TRO Break Fee of \$250,000 (plus GST, if applicable) to HRR if the Scheme does not proceed in certain circumstances. The TRO Break Fee is payable if (amongst other circumstances):

- any TRO Director withdraws, qualifies or changes his recommendation or support of the Scheme, other than where the Independent Expert has opined that the Scheme is not in the best interests of TRO Shareholders (provided that the reasons for such opinion does not include the existence of a Competing Proposal); or
- TRO announces a Superior Proposal.

However, no TRO Break Fee will be payable solely because the Scheme is not approved by the Requisite Majority of TRO Shareholders. For further details in relation to the TRO Break Fee and circumstances in which HRR will be required to pay TRO a break fee, see Annexure F.

TRO will need to either repay the HRR Convertible Notes of \$1.3 million plus interest at the rate of 8% per annum or issue TRO Shares to HRR of equivalent value at an issue price of \$0.04 per TRO Share (if HRR is repaid in TRO Shares, this would result in HRR holding an approximately 12% interest in TRO, based on the share capital of TRO as at the date of this Scheme Booklet). HRR has the option of choosing whether to be repaid its HRR Convertible Notes in cash or TRO Shares. However, other than on the maturity of the HRR

Convertible Notes, if HRR chooses to be repaid in TRO Shares, TRO may, notwithstanding such election, choose to repay the outstanding amount of the HRR Convertible Notes in cash (instead of TRO Shares).

Refer to section 11.12 for further details.

TRO will also need to immediately raise funds (see below for further details) to maintain its business activities and to repay the HRR Convertible Notes (if HRR is to be repaid in cash).

Such fundraising may be by way of debt or equity. If it is by way of equity, such fundraising could dilute existing Shareholders. In addition, there is no guarantee that raising funds in the short term will be successful or will be on standard commercial terms (that is, the terms of such fundraising may be unfavourable to TRO and its Shareholders).

There is a risk that the Court may not approve the Scheme. There is also a risk that some or all of the aspects of the approvals required for the Scheme to be implemented may be delayed or not granted.

10.3 Risks of the Merged Entity

(a) Overview

An investment in the Merged Entity has risks and investors should consider the risk factors described below, together with information contained elsewhere in Scheme Booklet.

The Merged Entity's principal activity will be mineral exploration and development and companies in this industry are subject to many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Merged Entity will strive to manage such risks to the extent possible and practical. Following are the risk factors which the TRO Board and HRR Board believe are most important in the context of the Merged Entity's business.

The following list is not intended to be an exhaustive list of the risk factors relating to an investment in the Merged Entity and other risk factors may apply.

(b) Mining industry risks

Exploration and Evaluation Risks

The mineral tenements of the Merged Entity are at various stages of development and exploration, and shareholders should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Merged Entity may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Merged Entity.

The success of the Merged Entity will also depend upon the Merged Entity having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the tenements and possible relinquishment of the tenements.

The exploration costs of the Merged Entity are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Merged Entity's viability.

Ability to exploit successful discoveries

It may not always be possible for the Merged Entity to exploit successful discoveries which may be made in areas in which the Merged Entity has an interest. Such exploration would involve obtaining the necessary licences or clearances from the relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploration may require participation of other companies whose interests and objectives may not be the same as that of the Merged Entity.

Development risks and costs

Possible future development of mining operations at any of the Merged Entity's projects is dependent on a number of factors and avoiding various risks including, but not limited to, failure to acquire and/or delineate economically recoverable ore bodies, unfavourable geological conditions, failing to receive the necessary approvals from all relevant authorities and parties, unseasonal weather patterns, excessive seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, risk of access to the required level of funding and contracting risk from third parties providing essential services.

In addition, the construction of any proposed development or relocation of any necessary infrastructure may exceed the expected timeframe or cost for a variety of reasons that are out of the Merged Entity's control. Any delays to project development could adversely affect the Merged Entity's operations and financial results and may require the Merged Entity to raise further funds to complete the project development and commence operations.

Operating risks

The Merged Entity may be subject to the risks involved in the establishment of a new mining operation if the Merged Entity decides to develop its mineral assets. There is no assurance that can be given to the level of viability that the Merged Entity's operations may achieve. Lower than expected productivity and technical difficulties and late delivery of materials and equipment could have an adverse impact on any future construction and commissioning schedules. No assurance can be given that the intended production schedules will be met or that the estimated operating cash costs and development costs will be accurate.

Further the operations of the Merged Entity, if production commences, may have to be shut down or may otherwise be disrupted by a variety of risks and hazards which are beyond the control of the Merged Entity, including environmental hazards, industrial accidents, technical failures, labour disputes, weather conditions, fire, explosions and other accidents at the mine, processing plant or related facilities beyond the control of the Merged Entity. The occurrence of any of the risks and hazards could also result in damage to, or destruction of, amongst other things, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Merged Entity currently maintains insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Merged Entity will be able to obtain such insurance coverage at reasonable rates (or at all, or that any coverage it obtains will be adequate and available to cover any such claims).

Resource Estimations

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the Merged Entity encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Merged Entity's operations.

Environmental Risks and Regulations

The operations and proposed activities of Merged Entity will be subject to Western Australian, New South Wales, Queensland and Australia Federal environmental laws and regulations. As with most exploration projects and mining operations, the Merged Entity's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Both HRR and TRO attempt to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Title Risks

Pursuant to the terms of the granted mining tenements and other contractual agreements, the Merged Entity is, or may become, subject to payment and other obligations. In particular, the Merged Entity has an obligation to meet the prescribed expenditure conditions on the granted mining and exploration tenements. Failure to meet these expenditure commitments will render the relevant tenement liable to be forfeited unless a total or partial exemption is granted in accordance with the provisions of the local legislation.

The Merged Entity is also subject to a risk that, where the Merged Entity itself is not required to meet expenditure conditions of a mining tenement in which it holds an interest, the relevant third party holder of the particular mining tenement may not comply with the minimum expenditure conditions. Should this occur,

the Merged Entity may lose its rights in respect of the tenement in the event that the relevant tenement is forfeited.

In addition, the Merged Entity cannot guarantee that those mining tenements that are applications will ultimately be granted (in whole or in part).

Licences and Permits

The Merged Entity's exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted or transferred, often depends on the Merged Entity being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

Joint Venture Parties, Agents and Contractors

Neither the TRO Board nor the HRR Board is able to predict the risk of financial failure or default by a participant in any joint venture to which the Merged Entity is or may become a party or the insolvency or managerial failure by any of the contractors used by the Merged Entity in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Merged Entity for any activity.

Potential Acquisitions

As part of its business strategy, the Merged Entity may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

Reliance on Key Personnel

The Merged Entity is reliant on key personnel employed or engaged by the Merged Entity. Loss of such personnel may have a material adverse impact on the performance of the Merged Entity. In addition, the recruiting of qualified personnel is critical to the Merged Entity's success. As the Merged Entity's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations. While the Merged Entity believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Competition

The Merged Entity competes with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Merged Entity and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Merged Entity can compete effectively with these companies.

Insurance and Uninsured Risks

The Merged Entity, where economically feasible, will insure its operations in accordance with industry practice. However, even if insurance is taken out, in certain circumstances the Merged Entity's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered, or fully covered, by insurance could have a material adverse effect on the business, financial condition and results of the Merged Entity. Insurance of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.

Government Regulation

The mining, processing, development and mineral exploration activities of the Merged Entity are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. Although the exploration and development activities of the Merged Entity are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Merged Entity.

Fluctuations in Metal Prices

The price of base and precious metals fluctuates widely and is affected by numerous factors beyond the control of the Merged Entity such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events.

Inherent Mining Risks

The Merged Entity's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including: environmental hazards; industrial accidents; metallurgical and other processing problems; unusual or unexpected rock formations; structure cave-in or slides; flooding; fires and interruption due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

Whether income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development.

Currency

The Merged Entity's expected future revenue and expenditure will be in both US and Australian dollars while its reporting currency is Australian dollars. As a result of the use of these different currencies, the Merged Entity is subject to foreign currency fluctuations. Foreign currencies are affected by a number of factors that are beyond the control of the Merged Entity. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. Foreign currency fluctuations may materially affect the Merged Entity's financial position and operating results.

The Merged Entity has not hedged against fluctuations in exchange rates as yet, though the Merged Entity may enter into some hedge contracts, particularly in relation to foreign currencies, at a later date.

The Merged Entity Does Not Have Any Production Revenues

To date, the Merged Entity has not recorded any revenues from its projects nor has the Merged Entity commenced commercial production on any of its properties. There can be no assurance that significant additional losses will not occur in the near future or that the Merged Entity will be profitable in the future. The Merged Entity's operating expenses and capital expenditures may increase in subsequent years as additional consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Woodlawn Project are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which are beyond the Merged Entity's control.

The Merged Entity expects to continue to incur losses unless and until such time as its Woodlawn Project (or other projects) enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Merged Entity's Woodlawn Project will require the commitment of substantial resources to conduct the time-consuming exploration and development. There can be no assurance that the Merged Entity will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

Conflicts of Interest

Certain directors of the Merged Entity are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnership or joint ventures which are potential competitors of the Merged Entity. Situations may arise in connection with potential acquisitions in investments where the other interest of these directors may conflict with the interests of the Merged Entity. Directors of the Merged Entity with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

Native Title Risks

It is possible that, in relation to tenements which the Merged Entity has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Indigenous Australians exist. If native title rights do exist, the ability of the Merged Entity to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The HRR Directors will closely monitor the potential effect of native title claims involving tenements in which the Merged Entity has or may have an interest.

(c) General investment risks

Economic risk

Economic risk is derived from general economic conditions in Australia and internationally, movements in interest, inflation and currency exchange rates, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws and changes to dividend imputation in Australia may have an adverse effect on the Merged Entity's exploration, development and future production activities, as well as on its ability to fund those activities.

Market conditions

The market price of HRR Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. None of TRO, HRR nor its directors warrant the future performance of the Merged Entity or any return on an investment in HRR or the Merged Entity.

Security investments

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the New HRR Shares regardless of the Merged Entity's performance.

Stock Exchange Prices

The market price of a publicly traded stock is affected by many variables not all of which are directly related to the success of the Merged Entity. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance or underlying asset values of such companies. There can be no assurance that such fluctuations will not affect the price of the Merged Entity's securities.

Liquidity risk

There may be relatively few buyers or sellers of the HRR's securities on the ASX and TSX at any given time. This may affect the volatility of the market price of HRR's securities and the prevailing market price at which HRR Shareholders are able to sell their HRR Shares. This may result in HRR Shareholders receiving a market price for their Shares that is less or more than the price of HRR Shares as at the Implementation Date.

Future capital needs and additional funding

The future capital requirements of the Merged Entity will depend on many factors, including its business development activities. The TRO Board and HRR Board believe that the Merged Entity will have adequate available cash to fund its short-term objectives as stated in Section 8.2(a) of this Scheme Booklet.

However, should the Merged Entity require additional funding (including for other objectives or if the costs of the short-term objectives as stated in Section 8.2(a) are greater than initially expected) there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, would have a material adverse effect on the Merged Entity's business and its financial condition and performance.

(d) Other risks

Other risk factors include those normally found in conducting business, including litigation through breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel and other matters that may interfere with the Merged Entity's business or trade.

11. Additional information

This Scheme Booklet, including the additional information contained in this Section, has been prepared for the purposes of Section 412(1) of the Corporations Act to explain the effect of the proposed Scheme to be considered at the Scheme Meeting. A summary of the Scheme Implementation Agreement is set out in Annexure F of this Scheme Booklet.

11.1 Scheme Implementation Agreement

TRO and HRR have entered into the Scheme Implementation Agreement in connection with the proposed Scheme. The Scheme Implementation Agreement sets out the obligations of TRO and HRR in relation to the Scheme.

A summary of the key terms of the Scheme Implementation Agreement is contained in Annexure F of this Scheme Booklet.

11.2 Conditions to the Scheme

The Scheme and the obligations of TRO and HRR to implement the Scheme are subject to certain conditions precedent being satisfied or, where applicable, waived, in accordance with the terms of the Scheme Implementation Agreement on or prior to the Second Court Date. These conditions are summarised in Annexure F and contained in full in clause 4.1 of the Scheme Implementation Agreement which is available from the ASX website under either TRO's or HRR's announcements page or from the SEDAR website under TRO's (TOR) profile. Some of these conditions include (but are not limited to):

- all approvals, waivers and consents required of a Governmental Agency (including specifically, ASIC, OSC, ASX and TSX) to implement the Scheme and (in the case of ASX only) any Option Deed (being the deed entered, or to be entered, by TRO Option holders under which they agree to cancel their TRO Options for the Cancellation Consideration), being obtained and not withdrawn, cancelled, revoked, qualified or varied in a manner materially adverse to TRO or HRR, before 8.00am on the Second Court Date. These approvals include:
 - ASX having done such other acts that HRR and TRO agree (acting reasonably) are necessary to implement the Scheme, and ASX providing approval (subject to any customary pre-quotation conditions and conditions relating to the Scheme becoming Effective) for the quotation of the New HRR Shares. This condition can only be waived by HRR and TRO in writing; and
 - TSX having done such other acts that HRR considers (acting reasonably) are necessary for the listing and posting for trading on the TSX of the New HRR Shares (subject only to the satisfaction of listing conditions of the TSX). This condition can only be waived by HRR in writing;
- the Independent Expert having opined that the Scheme is in the best interests of TRO Shareholders;
- TRO Shareholders having approved the Scheme by the Requisite Majority;
- the Court having approved the Scheme;
- to the extent that implementation of the Scheme would require consent or trigger any right of termination or other material right in favour of a person (other than TRO) under any key contract of TRO (which includes the SML 20 Transaction Documents), or any material liability owed by TRO under such a contract, all such consents or waivers and release of such rights or liabilities having been obtained;
- as at 8.00am on the Second Court Date, HRR being satisfied that "Final Completion" under the SML 20 Assignment Deed will occur by 30 June 2014 (or such later date as is agreed by the parties to that Deed) on terms and conditions reasonably acceptable to HRR (acting reasonably) and otherwise having completed due diligence with respect to Special Mining Lease S(C&PL)L 20 and the results of such due diligence being acceptable to HRR (acting reasonably); and
- no HRR Material Adverse Change, TRO Regulated Event or TRO Material Adverse Change occurring before 8.00am on the Second Court Date.

As at the date of this Scheme Booklet, the only condition to the Scheme which has been satisfied is that:

- The Independent Expert has opined that the Scheme is in the best interests of TRO Shareholders.

11.3 Exclusivity arrangements

The Scheme Implementation Agreement contains certain exclusivity provisions that restrict it from engaging with the proponent of any Competing Proposal for TRO during the Exclusivity Period.

For more information, refer to the summary of the Scheme Implementation Agreement set out in Annexure F of this Scheme Booklet.

11.4 Deed Poll

HRR has executed a Deed Poll in favour of the Scheme Participants under which HRR has undertaken to, subject to the Scheme becoming Effective, acquire and pay for (in accordance with the terms of the Scheme) all of the TRO Shares held by Scheme Participants.

A copy of the Deed Poll is set out in Annexure E of this Scheme Booklet.

11.5 Scheme Meeting

The Court has ordered that a meeting of TRO Shareholders be held at 2.00pm (Sydney time) on Monday, 28 July 2014 to consider the Scheme.

The fact that under Section 411(1) of the Corporations Act the Court has ordered that the Scheme Meeting be convened and has approved this Scheme Booklet does not mean that the Court:

- (a) has formed any view as to the merits of the proposed Scheme or as to how TRO Shareholders should vote (on this matter TRO Shareholders must reach their own decision); or
- (b) has prepared, or is responsible for, the content of the Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

The Scheme is conditional, among other things, on approval of the Scheme Resolution by the Requisite Majority of TRO Shareholders. If the Scheme Resolution is not approved by the Requisite Majority of TRO Shareholders, it will not be implemented and TRO will not apply to the Court for any further orders in connection with the Scheme.

Further details of the consequences of the Scheme not being implemented are set out in Section 5.7(c).

11.6 Court approval of the Scheme

TRO will apply to the Court for orders approving the Scheme if:

- (a) The Scheme Resolution is approved by the Requisite Majority of TRO Shareholders at the Scheme Meeting; and
- (b) All other conditions to the Scheme are satisfied or waived (where applicable).

The date on which the Court hears TRO's application is the Second Court Date.

The Court may refuse to grant the orders referred to above even if the Scheme Resolution is approved by the Requisite Majority of TRO Shareholders.

If the Scheme Resolution is not approved by the Requisite Majority of TRO Shareholders, the Scheme will not proceed and TRO will not apply to the Court for any further orders in connection with the Scheme.

The Rules of the Federal Court provide a procedure for TRO Shareholders to oppose the approval by the Court of the Scheme or make representations to the Court in relation to the Scheme. If you wish to oppose approval by the Court of the Scheme at the Court hearing you may do so by filing with the Court, and serving on TRO, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit should be served on TRO at least one Business Day (in Sydney, New South Wales) before the Second Court Date. That date is currently scheduled to occur on or around 4 August 2014 (although this is subject to change).

11.7 Canadian securities laws

This Scheme Booklet sets out the necessary disclosure for the purposes of meeting the applicable Australian law requirements as both HRR and TRO are Australian domiciled legal entities.

Solely for the purposes of complying with Canadian securities laws, and in accordance with, and as required by Canadian securities laws, information has been incorporated by reference in this Scheme Booklet from documents filed with the securities commissions or similar authorities in Canada. Any statement contained in

this Scheme Booklet which is inconsistent with the disclosure contained in any of the documents incorporated by reference shall be deemed to have modified, replaced or superseded such disclosure. Any statement so modified or superseded shall not be deemed, except as so modified, replaced or superseded, to constitute a part of this Scheme Booklet. The modifying, replacing or superseding statement need not state that it has modified, replaced or superseded a prior statement or include any other information set out in the document that it modifies, replaces or supersedes. The making of a modifying, replacing or superseding statement shall not be deemed an admission for any purposes that the modified, replaced or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

The following documents of TRO are specifically incorporated by reference in, and form an integral part of this Scheme Booklet:

- 2012 Annual Report.
- 2013 Annual Report.
- 31 December 2013 audited half yearly financial statements.
- Nine months to 31 March 2014 quarterly financial statements.
- NI43-101 Technical Report on the Woodlawn Retreatment Project. dated 30 November 2009.
- NI43-101 Technical Report on the Woodlawn Exploration Project dated 4 November 2009.
- JORC 2012/NI43-101 Technical Report on the Woodlawn Underground Project dated 2 December 2013.

The following documents of HRR are specifically incorporated by reference in, and form an integral part of, this Scheme Booklet:

- Quarterly Report for quarter ended March 2014, released 28 April 2014.
- Quarterly Report for quarter ended December 2013, released 30 January 2014.
- Quarterly Report for quarter ended June 2013, released 30 July 2013.
- Stimulus Scoping Study announcements dated 8 April 2014 and 22 April 2014.
- 31 December 2013 audited half yearly financial statements, released 10 March 2014.
- Annual Report for the year ended 30 June 2012, released 18 October 2012.
- Annual Report for year ended 30 June 2013, released 15 October 2013.
- Updated Mineral Resource estimate for the Kalgoorlie Nickel Project, released 18 October 2013.

Any other documents of the type described above, or other disclosure documents required to be incorporated by reference into a prospectus filed under NI 44-101, that are filed by HRR or TRO with the securities commissions or similar authorities in any province or territory of Canada subsequent to the date of this Scheme Booklet and prior to the Scheme Meeting shall be deemed to be incorporated by reference into this Scheme Booklet.

Copies of the TRO documents incorporated by reference in this Scheme Booklet may be obtained on request without charge from TRO's registered office at Suite 702, 191 Clarence Street, Sydney NSW 2000, telephone number +61 2 9299 7800 and is also available electronically at www.sedar.com (trading symbol on TSX is "TOR"). The filings of TRO through SEDAR are not incorporated by reference in this Scheme Booklet except as specifically set out in this Scheme Booklet.

Copies of the HRR documents incorporated by reference in this Scheme Booklet may be obtained on request without charge from the HRR's registered office of Level 1, 33 Ord Street, West Perth WA 6005 , telephone number +61 8 9215 4444, and are also available electronically on the ASX website at www.asx.com.au. The filings of HRR through ASX are not incorporated by reference in this Scheme Booklet except as specifically set out in this Scheme Booklet.

11.8 Collateral benefits - Canadian disclosure requirements

If any "related party" (which includes the directors and executive officers of TRO) is entitled to receive a "collateral benefit" (as such term is defined in Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions (MI 61-101)) in connection with the Scheme, the Scheme will constitute a

"business combination" for the purposes of MI 61-101 and the Scheme Resolution will require "minority approval" in accordance with MI 61-101. If "minority approval" is required, the Scheme Resolution will have to be approved by a majority of the votes cast by the TRO Shareholders, excluding those votes attaching to TRO Shares beneficially owned, or over which control or direction is exercised, by the Directors and executive officers of TRO who can be considered to be receiving a "collateral benefit" in connection with the Scheme. This approval is in addition to any other shareholder approval required by applicable law.

As mentioned elsewhere in this Scheme Booklet (including in Sections 2.1, 6.11 and 6.14), it is a condition precedent to the Scheme becoming Effective that each TRO Option holder enters into a deed under which they agree to cancel their TRO Options in consideration for the issue of the Cancellation Consideration to that TRO Option holder. The Cancellation Consideration that TRO Option holders will be entitled to is 1 HRR Option for every 2.33 TRO Options cancelled. Each of the Directors holds TRO Options as specified in Section 6.11 and has, or will prior to the Second Court Date, enter into a deed to cancel their TRO Options. Therefore, if the Scheme is implemented, each of the Directors will receive the number of HRR Options set out in table 2 in Section 6.11. The terms of each HRR Option granted will be materially the same as the terms of the relevant cancelled TRO Option, except that the exercise price for the HRR Option will be adjusted by multiplying the exercise price of the cancelled TRO Option by 2.33 (rounded to the nearest whole cent). The receipt of the Cancellation Consideration may be considered to be considered "collateral benefits" received by the applicable directors and officers of TRO for the purposes of MI 61-101. MI 61-101 expressly excludes benefits from being "collateral benefits" if such benefits are received solely in connection with the related party's services as an employee, director or consultant under certain circumstances, the benefits are disclosed in the disclosure document for the transaction, and either: (a) at the time the transaction is agreed to, the related party and its associated entities (as defined in MI 61-101) beneficially own, or exercise control or direction over, less than 1% of the outstanding equity securities (being, in the case of TRO, the TRO Shares); or (b) an independent committee of directors determines, acting in good faith, that the value of the benefits received by a related party, net of any offsetting costs to the related party, is less than 5% of the value the related party expects to receive pursuant to the transaction, provided that the independent committee's determination is disclosed in the Scheme Booklet.

The directors and officers of TRO, and their associated entities, who are receiving any of the foregoing benefits as a result of the Scheme, either (i) beneficially own, or exercise control or direction over, less than 1% of the outstanding TRO Shares or, (ii) the independent directors of the TRO Board have determined, acting in good faith, that the value of the Cancellation Consideration is less than 5% of the value of the HRR Shares to be received by the applicable Director or executive officer of TRO pursuant to the Scheme. Consequently, such circumstances do not give rise to a "collateral benefit" and such related parties will not be excluded from voting their TRO shares, and thus minority approval is not required.

11.9 Actions by TRO and HRR

If Court orders approving the Scheme are obtained, the TRO Directors and the HRR Board will take or procure the taking of the steps required for the Scheme to be implemented. These will include the following.

- a. TRO will lodge with ASIC and ASX an office copy of the Court order approving the Scheme under Section 411(10) of the Corporations Act and the Scheme will become Effective.
- b. On the close of trade on the Effective Date (Sydney time), TRO Shares will be suspended from trading on ASX. On the close of trade on the Effective Date (Toronto time), TRO Shares will be suspended from trading on TSX.
- c. On or after the Effective Date, TRO will apply to be delisted from TSX and ASX. TRO Shares are expected to be delisted from TSX approximately five Business Days prior to the Record Date and from ASX shortly after the Implementation Date.
- d. On the Implementation Date, HRR will issue the Scheme Consideration to each Scheme Participant (other than Ineligible Foreign Shareholders) and register their names in the register of members of HRR.
- e. On the Implementation Date, HRR will issue to the Ineligible Foreign Shareholder Nominee, the New HRR Shares attributable to, and which would otherwise be required to be provided to, the Ineligible Foreign Shareholders. HRR will procure that the Ineligible Foreign Shareholder Nominee as soon as reasonably practicable after the Implementation Date sells, in consultation with HRR, those New HRR Shares and remits the net proceeds of the sale of those New HRR Shares (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges) to the Ineligible Foreign Shareholders in, at the discretion of HRR, Canadian dollars, Australian dollars or in the local currency of the country in which your address appears on the Register.

- f. On the Implementation Date (and after HRR satisfying the steps referred to in paragraph d and e above), all of the TRO Shares held by Scheme Participants on the Record Date will be transferred to HRR and TRO will enter the name of HRR in the Register as the holder of the TRO Shares.
- g. On the Implementation Date, HRR will ensure that each holder of the TRO Options on the Record Date will be issued the Cancellation Consideration in respect of the TRO Options held by him or her, and TRO will ensure that those TRO Options will be cancelled.
- h. On the Implementation Date, Dr James Gill and Mr Wayne Taylor will be appointed to the HRR Board.
- i. On the Implementation Date, Mr William Killinger AM, Mr Alan Snowden and Dr Robert Valliant will resign from the TRO Board and be replaced by Mr Craig Readhead, Mr Stephen Dennis and Mr Ian Buchhorn.

11.10 Effective Date

The Scheme will become Effective on the date upon which the office copy of the order of the Court under Section 411(10) of the Corporations Act approving the Scheme is lodged with ASIC or such earlier date as the Court determines or specifies in the order.

If the Scheme becomes Effective, TRO will immediately give notice of the event to ASX and TSX.

Once the Scheme becomes Effective, TRO and HRR will become bound to implement the Scheme in accordance with its terms.

11.11 Termination of the Scheme Implementation Agreement

The Scheme Implementation Agreement may be terminated in certain circumstances, including:

- a. If a condition precedent for the benefit of HRR or TRO is not satisfied (and not waived, if applicable).
- b. If either HRR or TRO commits a material breach of the Scheme Implementation Agreement and the material breach is not remedied within five Business Days.
- c. In certain circumstances where either HRR or TRO is required to pay a break fee to the other party.
- d. If the TRO Board or any TRO Director changes, qualifies or withdraws any statement or recommendation in support of the Scheme, other than were the Independent Expert opines that the Scheme is not in the best interests of TRO Shareholders (provided that the reasons for the Independent Expert's conclusions do not include the existence of a Competing Proposal for TRO).

See Annexure F for more details.

11.12 HRR Convertible Notes

As at 31 December 2013, TRO had \$0.8 million in cash and therefore required additional capital to meet the expected costs associated with its exploration commitments, the Scheme and its general working capital needs for the period required to implement the Scheme.

Following consideration by the TRO Board of available funding options, TRO agreed with HRR that HRR would, on 12 March 2014, invest \$1.3 million in TRO by way of convertible notes so that TRO could meet its short-term funding needs. The material terms of the HRR Convertible Notes as documented in a convertible note agreement (**Convertible Note Agreement**), which were the result of negotiations between TRO and HRR, are summarised as follows:

- **Face value:** 1.3 million of convertible notes with a face value of \$1.00 each (**HRR Convertible Notes**) were subscribed for, and issued by TRO to, HRR on 12 March 2014. On the same date, HRR transferred to TRO the investment amount of \$1.3 million.
- **Interest:** Interest on the HRR Convertible Notes accrue on the face value at an annual interest rate of 8% per annum, from and including the issue date until (but excluding) the earlier of the date HRR provides a conversion notice to TRO and repayment of the investment amount (calculated on the actual number of days elapsed, on a 365 day year). The total interest accrued on the HRR Convertible Notes up to 15 May 2014 is \$18,200.
- **Redemption/conversion on termination of Scheme Implementation Agreement:** If the Scheme Implementation Agreement is terminated, the balance of all monies owing by TRO to HRR under the Convertible Note Agreement (**Outstanding Amount**) (which, as at 15 May 2014, is \$1.318 million) will

become due and payable and HRR may elect whether such amount is to be paid in cash or TRO Shares. If HRR elects to be paid in TRO Shares, TRO may notify HRR that notwithstanding such election, the Outstanding Amount is to be repaid in cash (instead of TRO Shares).

If the Outstanding Amount is to be repaid in cash, such repayment must be made within 180 days of the date of termination of the Scheme Implementation Agreement. However, if the Scheme Implementation Agreement has been terminated as a result of a Superior Proposal for TRO being announced, or a Competing Proposal for TRO being announced and pursuant to that Competing Proposal, the bidder for TRO acquires Voting Power of 20% or more in TRO and that Competing Proposal is (or has become) free from any defeating conditions, and subsequently:

- (a) the third party offeror under a takeover bid under Chapter 6 of the Corporations Act has achieved acceptances in respect of 30% or more of the TRO Shares and the bid is unconditional; or
- (b) TRO Shareholders have at a shareholders meeting voted in favour of a scheme of arrangement under Part 5.1 of the Corporations Act, under which all TRO Shares are to be cancelled or transferred to a third party,

then, in these circumstances, the Outstanding Amount must be repaid by the earlier of 180 days of the date of termination of the Scheme Implementation Agreement or 10 business days of the event referred to in sub-paragraphs (a) or (b) above occurring.

If the Outstanding Amount is to be repaid in TRO Shares, the number of TRO Shares to be issued will be the Outstanding Amount divided by \$0.04, and TRO must issue the TRO Shares within 2 business days of the date of election by HRR. If the HRR Convertible Notes are converted into TRO Shares, HRR would hold approximately 12% of the TRO Shares (based on the issued share capital of TRO as at the date of this Scheme Booklet).

- **Redemption/conversion on Maturity Date:** If the Scheme Implementation Agreement is not terminated, then at 5.00pm Australian Western Standard Time on 31 December 2014 (or such later date as agreed in writing between TRO and HRR) (**Maturity Date**), the Outstanding Amount will become due and payable and HRR may elect whether such amount is to be repaid in cash or in TRO Shares.

If the Outstanding Amount is to be repaid in cash, then TRO must make the repayment within 180 days of the Maturity Date.

If the Outstanding Amount is to be repaid in TRO Shares, the number of TRO Shares to be issued will be the Outstanding Amount divided by \$0.04, and TRO must issue the TRO Shares within 2 business days of the Maturity Date (or such other date as the parties agree in writing).

- **Termination:** HRR may terminate the Convertible Note Agreement by written notice to TRO (effective on provision of such notice) if TRO fails to prepare and submit any annual or quarterly reports or financial statements required by the Listing Rules or the Corporations Act, or a "Default Event" occurs under the Convertible Note Agreement.

The consequence of termination of the Convertible Note Agreement is that TRO must repay the Outstanding Amount within 90 days of receipt of the notice of termination from HRR and the termination date will be deemed to be the Maturity Date for all of the HRR Convertible Notes.

A "Default Event" includes any of the following events or circumstances:

- (a) TRO contravenes any material provision of the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (b) any change which in HRR's reasonable opinion would materially and adversely affect: (i) the ability of TRO to perform, observe or fulfil any or all of its material obligations under the Convertible Note Agreement; or (ii) the rights of HRR under the Convertible Note Agreement;
- (c) TRO becomes insolvent;

- (d) TRO Shares are suspended by the ASX for a period of more than 5 trading days in aggregate;
- (e) TRO is in material breach of the Convertible Note Agreement and (if capable of being rectified) TRO fails to rectify that breach within 5 business days of written notice from HRR.

As at the date of this Scheme Booklet, the TRO Directors are not aware of any events or circumstances which are subsisting which would be likely to give rise to a right of HRR to terminate the Convertible Note Agreement.

- **Not transferable:** The HRR Convertible Notes are not transferable by HRR without the prior written consent of TRO (at its sole discretion).
- **No voting rights:** Except as required by the Corporations Act, the HRR Convertible Notes carry no voting rights.
- **Reconstruction of capital and pro-rata offers:** There are provisions which have the effect of the HRR Convertible Notes being adjusted (subject to the Corporations Act and the Listing Rules) if there is a reorganisation, reconstruction, consolidation, sub-division or bonus issue of the capital of TRO, so that the value of the HRR Convertible Notes are not adversely affected and HRR is not conferred with additional benefits which are not also conferred on the TRO Shareholders.

In addition, where conversion of the HRR Convertible Notes is permissible in accordance with the terms of the Convertible Note Agreement, if TRO makes a pro rata offer of TRO Shares or other securities in TRO (or securities of any other company) to all of the TRO Shareholders, then TRO must make HRR an offer on terms which correspond with the offer HRR would have received in respect of the TRO Shares immediately prior to TRO making the pro rata offer.

11.13 Change of control provisions in material contracts

There are no change of control provisions in any material contracts of TRO which would be triggered by HRR acquiring control of TRO.

11.14 Interests of TRO Directors

The TRO Directors have no interest in the outcome of the Scheme, except as provided for in this Scheme Booklet.

(a) *TRO marketable securities*

The number, description and amount of TRO marketable securities held by or on behalf of each Director as at the date of this Scheme Booklet are noted in Section 6.11.

(b) *HRR marketable securities*

There are no marketable securities of HRR held by or on behalf of any TRO directors as at the date of this Scheme Booklet.

(c) *Agreements or arrangements with TRO Directors in connection with or conditional upon outcome of the Scheme.*

TRO Options

As mentioned elsewhere in this Scheme Booklet (including in Sections 2.1, 6.11, 6.12, 6.14 and 11.8), it is a condition precedent to the Scheme becoming Effective that each TRO Option holder enters into a deed under which they agree to cancel their TRO Options in consideration for the issue of the Cancellation Consideration to that TRO Option holder. The Cancellation Consideration that TRO Option holders will be entitled to is 1 HRR Option for every 2.33 TRO Options cancelled. Each of the TRO Directors holds TRO Options as specified in Section 6.11 and has, or will prior to the Second Court Date, enter into a deed to cancel their TRO Options. Therefore, if the Scheme is implemented, each of the Directors will receive the number of HRR Options set out in table 2 in Section 6.11. The terms of each HRR Option granted will be materially the same as the terms of the relevant cancelled TRO Option, except that the exercise price for the HRR Option will be adjusted by multiplying the exercise price of the cancelled TRO Option by 2.33 (rounded to the nearest whole cent).

CEO and Deputy Chairman of Merged Entity Board

As mentioned in Section 8.3, following the implementation of the Scheme, the CEO and Managing Director of TRO, Mr Wayne Taylor, will be the CEO and Managing Director of the Merged Entity Board, and the Chairman of TRO, Dr James Gill, will be the Deputy Chairman of the Merged Entity Board.

The currently intended arrangements for such roles are as follows:

- Mr W Taylor's remuneration in his proposed new role will be on terms which are the same as under the existing terms of his employment as CEO, and appointment as Managing Director, of TRO (refer to TRO 2013 Annual Report).
- Dr J Gill's remuneration in his proposed new role will be on terms which are consistent with the remuneration terms for the Chairman of HRR, which is currently \$100,000 per annum inclusive of superannuation, and the eligibility to participate in the HRR employee share option plan.

Except as set out above in this Section 11.14(c) and elsewhere in this Scheme Booklet, there is no agreement or arrangement made between any TRO Director and any other person in connection with the Scheme and there is no payment or other benefit that is proposed to be made or given to any Director, secretary or executive officer of TRO (or its related body corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in TRO or in that related body corporate.

(d) Interests of TRO Directors in contracts entered into by HRR

None of the TRO Directors have any interests in contracts entered into by HRR, other than as disclosed in Section 11.14(c).

11.15 Intentions of Directors after the Implementation Date

If the Scheme is implemented, it will be a matter for HRR as directed by the Merged Entity Board (rather than the TRO Directors) to formulate its intentions in relation to:

- The continuation of the business of TRO.
- Any major changes to be made to the business of TRO, including any redeployment of the fixed assets of TRO.
- The future employment of the present employees of TRO.

The current intentions of HRR in relation to the Merged Entity are set out in Section 8.

11.16 Relevant interests and Voting Power of HRR in TRO securities

As at the date of this Scheme Booklet, no TRO Shares or TRO Options are held by or on behalf of any HRR Directors and HRR has no relevant interest in any TRO Shares, has no Voting Power in TRO and does not hold any TRO Options other than the HRR Convertible Notes as noted in Section 11.12.

11.17 Dealings in TRO securities

Neither HRR nor any Associate has provided, or agreed to provide, consideration for any TRO Shares under a purchase or agreement during the four months ended on the day immediately before the date of this Scheme Booklet.

During the period of four months ended on the day immediately before the date of this Scheme Booklet, neither HRR nor any Associate has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an Associate, to:

- Vote in favour of the Scheme; or
- Dispose of TRO Shares,

and the benefit has not been offered to all TRO Shareholders.

11.18 Material change in financial position of TRO

To the knowledge of the TRO Directors, there has been no material change to the financial position of TRO, other than the issue of the A\$1.3 million HRR Convertible Notes to HRR as detailed in Section 11.12, since 31 December 2013, being the date of the last published balance sheet of TRO.

11.19 Lodgement of Scheme Booklet

This Scheme Booklet was first given to ASIC on 16 April 2014 in accordance with Section 411(2)(b) of the Corporations Act.

11.20 No unacceptable circumstances

The Directors believe that the Scheme does not involve any circumstances in relation to the affairs of any TRO Shareholder that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of Section 657A of the Corporations Act.

11.21 Litigation and claims

To the best of the HRR Board's knowledge, there is no current, threatened or impending litigation against HRR.

To the best of the TRO Board's knowledge, there is no current, threatened or impending litigation against TRO.

11.22 ASIC and ASX waivers and consents

ASIC

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out whether, within the knowledge of the TRO Board, the financial position of TRO has materially changed since the date of the last balance sheet laid before the company in general meeting or sent to TRO Shareholders in accordance with section 314 or 317 of the Corporations Act and, if so, full particulars of the change.

Pursuant to sub-regulation 5.1.01(1) of the Corporations Regulations, ASIC has granted TRO relief from complying with Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations on the basis that:

- TRO complies or has complied with Division 2 of Part 2M.3 of the Corporations Act in respect of the half-year ended on 31 December 2013.
- This Scheme Booklet states that TRO will give a copy of the financial statements for the half-year ended 31 December 2013 free of charge to anyone who asks for them before the Scheme is approved by order of the Court (see Section 6.15).
- TRO discloses all material changes to its financial position occurring after 31 December 2013 and prior to the date of this Scheme Booklet in this Scheme Booklet.
- This Scheme Booklet sent to TRO Shareholders is substantially in the form given to ASIC on 29 May 2014.

ASX

ASX Listing Rule 6.23.2 provides that a change which has the effect of cancelling an option for consideration can only be made if shareholders approve the change. The ASX has granted TRO a waiver from ASX Listing Rule 6.23.2 to allow for the cancellation of any TRO Options without the need to obtain TRO Shareholder approval. The waiver is conditional on the Scheme being approved by the Requisite Majority of TRO Shareholders and by the Court, and that full details of the cancellation of the TRO Options are set out in the Scheme Booklet.

11.23 Creditors of TRO

The Scheme, if implemented, is not expected to materially prejudice TRO's ability to pay its creditors as the Scheme involves the acquisition of TRO Shares for consideration provided by a third party, rather than the acquisition of TRO's underlying assets. No material new liability (other than costs of the Scheme, which are estimated to be approximately \$300,000) is expected to be incurred by TRO as a consequence of the Scheme. TRO has paid and is paying all of its creditors within normal terms of trade and is solvent and trading in an ordinary commercial manner.

11.24 Interest of informed persons in material transactions

For Canadian securities disclosure requirements, other than as disclosed in this Scheme Booklet, since the commencement of TRO's most recently completed financial year there were no transactions and there are no proposed transactions that have materially affected or would materially affect TRO or any of its

Subsidiaries in which any informed person of TRO or any Associate or Affiliate of any informed person has any material interest (direct or indirect).

11.25 **Interests of experts**

(a) *Interests of advisers*

Other than as set out in this Section or elsewhere in this Scheme Booklet, no person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet holds, or held at any time during the last two years before the date of this Scheme Booklet, any interest in:

- (i) The formation or promotion of HRR.
- (ii) Any property acquired or proposed to be acquired by HRR in connection with its formation or promotion or the offer for allotment of the New HRR Shares.
- (iii) The offer for allotment of New HRR Shares.

Other than as set out in this Section or elsewhere in this Scheme Booklet, no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to any of these persons for services rendered by them in connection with the preparation of this Scheme Booklet or in connection with the formation or promotion of TRO in connection of the Scheme.

(b) *TRO's experts and fees*

The persons performing a function in a professional or advisory capacity in connection with the Scheme and with the preparation of this Scheme Booklet on behalf of TRO are:

- Value Adviser Associates Pty Ltd (Independent Expert).
- Addisons (Legal Advice in relation to Australian law).
- Peterson Law (Legal Advice in relation to Canadian law).
- Resources Legal Pty Ltd (Legal Advice in relation to Australian law).

Each of them will be entitled to receive professional fees charged in accordance with their normal basis of charging.

The fee for professional services paid or payable to the Independent Expert which has provided an Independent Expert's Report is approximately A\$40,000 (plus GST).

11.26 **Consents**

The following parties have given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their written consent to be named in this Scheme Booklet in the form and context in which they are named:

- Value Adviser Associates Pty Ltd as the author of the Independent Expert Report contained in Annexure A.
- BDO East Coast Partnership as TRO's auditor and the author of the Compilation Report contained in Annexure G.
- Addisons as TRO's Australian legal adviser.
- Peterson Law as TRO's Canadian legal adviser.
- Resources Legal Pty Ltd as TRO's Australian legal adviser.
- Boardroom Limited as the Australian Registry.
- TMX Equity Transfer Services Inc. as the Canadian Registry.
- Patersons Securities Limited as the Ineligible Foreign Shareholder Nominee.
- Tri Origin Exploration Ltd in respect of the statement that it intends to vote its TRO Shares in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders.
- Mr Bob Cotton – Competent Technical Person for Lewis Ponds Mineral Resource.

- Mr Robin Rankin – Competent Technical Person for the Woodlawn Mineral Resource.
- Mr Rick Lambert – Competent Technical Person for the Woodlawn Retreatment Project Reserve.
- Mr Steve Jones – Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' for the KNP Resource.
- Mr David von Perger – Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' mineral project exploration other than the KNP.
- Heron Resources for the Heron Information.

Each person referred to in this Section 11.26:

- Has not authorised or caused the issue of this Scheme Booklet.
- Does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than as specified in this Section 11.26.
- To the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Scheme Booklet other than a reference to its name and the statements (if any) included in this Scheme Booklet with the consent of that person as specified in this Section 11.26.

11.27 **Information relating to Ore Reserves and Mineral Resources**

(a) **TRO**

Please refer to Section 6.8 for information relating to TRO's Ore Reserves and Mineral Resources

(b) **HRR**

Please refer to Section 7.3 for information relating to HRR's Ore Reserves and Mineral Resources

11.28 **Other material information**

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any TRO Director or Related Body Corporate of TRO which has not previously been disclosed to TRO Shareholders.

12. Glossary

12.1 Definitions

In this Scheme Booklet (other than the Annexures, except for Annexure F), unless the context requires otherwise:

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| Announcement Date | The date on which TRO and HRR announced to ASX that they had entered into the Scheme Implementation Agreement, being 10 March 2014 |
| ASIC | Australian Securities and Investments Commission |
| Associate | Has the meaning given to it in the Corporations Act |
| ASX | ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate |
| ASX Listing Rules or Listing Rules | The official listing rules of ASX |
| ASX Settlement | ASX Settlement Pty Limited (ABN 49 008 504 532) |
| ASX Settlement Operating Rules | The settlement rules of ASX Settlement, as amended from time to time |
| Australian Registry | Boardroom Pty Limited (ABN 14 003 209 836) of Level 7, 207 Kent Street, Sydney NSW 2000 |
| Business Day | A day in Perth and Sydney, Australia that is not a Saturday, Sunday or a public holiday and on which banks in Perth and Sydney, and the ASX are open for trading |
| Canadian Beneficial Holder | Means a non-registered beneficial holder of TRO Shares that are held on its behalf by an intermediary on the Canadian register |
| Canadian Registry | TMX Equity Transfer Services Inc. of 200 University Avenue, Suite 300, Toronto ON M5H 4H1 |
| Canadian Tax Act | Income Tax Act (Canada) and the regulations thereunder, as amended from time to time |
| Cancellation Consideration | The consideration to be provided to holders of TRO Options for the cancellation of their TRO Options, being 1 HRR Option for every 2.33 TRO Options held, with each exercise price adjusted according to the same ratio, and with other terms remaining substantially the same |
| CGT | Capital gains tax |
| CIM Standards | Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council on 20 August 2000 |
| Competing Proposal | Any expression of interest, proposal, offer, transaction or arrangement which, if either entered into or completed, would result: (a) in a third party (other than as nominee, custodian or bare trustee) acquiring Voting Power of 20% or more in TRO, acquiring a direct or indirect economic interest in all or a substantial part of the assets or business of any member of the TRO Group, acquiring Control of any member of the TRO Group, or acquiring or assuming or otherwise |

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| | <p>holding a significant beneficial, economic or other interest in any member of the TRO Group or a substantial part of their respective business or assets, by whatever means; or</p> <p>(b) in TRO being required to abandon or otherwise not proceed with the Scheme, by whatever means</p> |
| Control | Has the meaning given to that term in section 50AA of the Corporations Act |
| Corporations Act | <i>Corporations Act 2001 (Cth)</i> |
| Court | Federal Court of Australia or the Supreme Court of New South Wales, as appropriate |
| Deed Poll | The Deed Poll dated 30 May 2014 executed by HRR, and set out in Annexure E of this Scheme Booklet |
| Effective | When used in relation to a Scheme, the order of the Court made under Section 411(4)(b) of the Corporations Act in relation to the Scheme comes into effect pursuant to Section 411(10) of the Corporations Act |
| Effective Date | The date on which the Scheme becomes Effective |
| Eligible Foreign Shareholder | A Scheme Participant whose address as shown in the Register on the Record Date is a place within Australia and its external territories, New Zealand, Canada, United States of America (subject to the requirements of any applicable state securities laws), United Kingdom, Hong Kong (provided that (a) that Scheme Participant is a "professional investor" (as defined in the Securities and Futures Ordinance of Hong Kong) and/or (b) the number of non-professional investors in Hong Kong does not exceed 50) or Switzerland |
| Eligible Holder | <p>A beneficial holder of TRO Shares immediately prior to the Effective Date who is:</p> <p>(a) a resident of Canada for purposes of the Canadian Tax Act (other than a Tax Exempt Person);</p> <p>(b) a partnership any member of which is a resident of Canada for the purposes of the Canadian Tax Act (other than a Tax Exempt Person)</p> |
| Encumbrance | Any mortgage, lien, charge, pledge, assignment by way of security, security interest (including any security interests within the meaning of section 12 of the <i>Personal Property Securities Act 2009 (Cth)</i>), title retention, preferential right or trust arrangement, claim, covenant, interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind or any other arrangement having the same effect |
| End Date | 31 December 2014, or such later date as agreed in writing between TRO and HRR |
| Exclusivity Period | The period commencing on 8 March 2014 and ending on the earlier of the date of termination of the Scheme Implementation Agreement, the Implementation Date and the End Date |
| Governmental Agency | Any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency or similar entity or organisation, or applicable securities exchange |
| HRR or Heron | Heron Resources Limited ABN 30 068 263 098 |

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| HRR Board | The Board of Directors of HRR |
| HRR Convertible Notes | Has the meaning given in Section 11.12 |
| HRR Director | A member of the HRR Board |
| HRR Group | HRR and its Subsidiaries |
| HRR Information | <p>All the information contained in:</p> <ul style="list-style-type: none"> (a) the paragraph commencing “The HRR Information has been prepared by HRR” in the subsection “Responsibility for information” in the Important Notices. (b) all statements of intention or belief of HRR, the Merged Entity or any HRR Director contained in this Scheme Booklet; (c) Section 7 – Information about Heron; (d) Section 8 – Information about Merged Entity (save for the extent of information that was provided by TRO for the purposes of that section); (e) Section 10 – Risk Factors (as it pertains to HRR and the Merged Entity only, and save for the extent of information that was provided by TRO for the purposes of that section); (f) Section 11.16 – Relevant interests and Voting Power of HRR in TRO securities; (g) Section 11.17 – Dealings in TRO securities; and (h) other parts of this Scheme Booklet which have been prepared by HRR for the purpose of compiling information on or describing HRR or the Merged Entity |
| HRR Material Adverse Change | <p>An event or occurrence after the date of the Scheme Implementation Agreement that individually or when aggregated with all other such events or occurrences:</p> <ul style="list-style-type: none"> (a) is reasonably likely to have a material adverse effect on the mining and exploration business, operations, properties, assets or liabilities, obligations (whether absolute, accrued, conditional or otherwise), condition, financial position or prospects of the HRR Group; or (b) results or is reasonably likely to result in the HRR Group being unable to carry on its business in substantially the same manner as at the date of the Scheme Implementation Agreement, <p>and, without limiting the generality of paragraphs (a) and (b) of this definition, diminishes or is reasonably likely to diminish the value of the net assets of the HRR Group as at 31 December 2013 by an amount of \$4 million or more, other than any event or occurrence:</p> <ul style="list-style-type: none"> (c) which arises from general changes in economic, political or business conditions; (d) which arises from changes in law, regulation or policy of Governmental Agencies in jurisdictions in which the HRR Group operates except where such change specifically refers to the business of HRR and not companies or businesses or types of companies and businesses generally; (e) which is required to be done or undertaken pursuant to the Scheme or a Transaction Document; (f) which took place with the prior written approval of TRO; or |

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| | (g) to the extent that event or occurrence was known to TRO prior to the date of the Scheme Implementation Agreement (which does not include knowledge of the risk of an event or occurrence happening) |
| HRR Share | A fully paid ordinary share in the capital of HRR |
| HRR Shareholders | A holder of HRR Shares |
| IFRS | International Financial Reporting Standards |
| Implementation Date | Fifth Business Day after the Record Date, or such other date agreed to in writing by TRO and HRR |
| Independent Expert | Value Adviser Associates Pty Ltd (ACN 131 852 607) of Level 2, 65 Southbank Boulevard, Southbank, VIC, 3006 |
| Independent Expert's Report | The report of the Independent Expert set out in Annexure A of this Scheme Booklet |
| Ineligible Foreign Shareholder | A Scheme Participant who is not an Eligible Foreign Shareholder, unless HRR is satisfied, acting reasonably, that it is permitted to allot and issue New HRR Shares to that Scheme Participant pursuant to the Scheme by the laws of the place in which its address as shown in the Register on the Record Date is located |
| JORC Code | The 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves |
| Merged Entity | HRR and its Subsidiaries following implementation of the Scheme (when TRO will be a Subsidiary of HRR) |
| Merged Entity Board | The Board of Directors of HRR following implementation of the Scheme |
| New HRR Shares | A fully paid ordinary share in the capital of HRR issued pursuant to the Scheme |
| Notice of Scheme Meeting | The notice of Scheme Meeting set out in Annexure B to this Scheme Booklet |
| Notice Record Date | 20 June 2014, being the date for determining which Canadian Beneficial Holders will be provided with notice of the Scheme Meeting and Voting Instruction Form |
| OSC | Ontario Securities Commission |
| Record Date | 7.00pm (Sydney time) on the fifth Business Day following the Effective Date or such other date (after the Effective Date) as TRO and HRR may agree in writing |
| Register | The share register of TRO Shareholders kept pursuant to the Corporations Act |
| Requisite Majority | In relation to the Scheme Resolution, a resolution passed by: <ul style="list-style-type: none"> (a) unless the Court orders otherwise, a majority in number (more than 50%) of TRO Shareholders (as the case may be), who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and (b) Passed by at least 75% of the votes cast on the resolution. |
| Scheme | The proposed scheme of arrangement between TRO and TRO Shareholders, set out in Annexure D of this Scheme Booklet, together with any alterations or conditions made or required by the Court under Section 411(6) of the |

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| | Corporations Act and approved in writing by TRO and HRR |
| Scheme Booklet | This scheme booklet |
| Scheme Consideration | The consideration to be issued by HRR to Scheme Participants (or to the Ineligible Foreign Shareholder Nominee, in respect of TRO Shares held by Ineligible Foreign Shareholders) for the transfer of each TRO Share under the terms of the Scheme being 1 New HRR Share for every 2.33 TRO Shares held at the Record Date (subject to fractional entitlements to New HRR Shares being rounded down to the nearest whole number of New HRR Shares) |
| Scheme Implementation Agreement | The Scheme Implementation Agreement dated 8 March 2014 between TRO and HRR, the key terms of which are summarised in Annexure F of this Scheme Booklet |
| Scheme Meeting | The meeting of TRO Shareholders convened by the Court in relation to the Scheme pursuant to Section 411(1) of the Corporations Act, to be held at 11am on 5 June 2014 and includes any adjournment of that meeting |
| Scheme Participant | Each person who is a TRO Shareholder as at 7.00pm (Sydney time) on the Record Date |
| Scheme Resolution | The resolution to be proposed to the TRO Shareholders at the Scheme Meeting to approve the Scheme, set out in the Notice of Scheme Meeting |
| SEC | US Securities and Exchange Commission |
| Second Court Date | The day on which an application made to the Court for an order pursuant to Section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned or appealed application is heard |
| SML 20 Transaction Documents | <p>(a) Deed to Assign Special Mining Lease dated 30 November 2011 made between Veolia Environmental Services (Australia) Pty Ltd (ACN 051 316 584) (Veolia), Tarago Operations Pty Ltd (ACN 127 810 413) (Tarago) and TRO;</p> <p>(b) Deed of Option dated 30 November 2011 made between Veolia and Tarago; and</p> <p>(c) Co-operation Deed dated 30 November 2011 made between Veolia, Tri Origin Mining Pty Ltd (ACN 115 529 112), Tarago and TRO</p> |
| Subsidiary | Has the meaning given to that term in section 9 of the Corporations Act |
| Substantial Shareholder | A person who has a substantial holding (as that term is defined in Section 9 of the Corporations Act) in TRO or HRR (as the case may be) |
| Superior Proposal | <p>A bona fide Competing Proposal that the TRO Board, acting reasonably and in good faith in order to satisfy what the TRO Board considers to be their fiduciary or statutory duties (and after having received written advice from their financial and legal advisers), determines:</p> <p>(a) is reasonably capable of being valued and completed on a timely basis, taking into account all aspects of the Competing Proposal and the party making it, including without limitation having regard to legal, regulatory and financial matters and any conditions precedent; and</p> <p>(b) would or would be reasonably likely to, if completed in accordance with its terms, be more favourable to TRO Shareholders from a financial perspective (as a whole) than the Scheme, after taking into account all of the terms and conditions of, and the identity, reputation</p> |

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| | and standing of the party making, the Competing Proposal |
| Supporting TRO Shareholders | Tri Origin Exploration Ltd and Dr James Gill |
| Transaction Document | Has the meaning given to that term in clause 16.2 of the Scheme Implementation Agreement |
| TRO or TriAusMin | TriAusMin Limited (ACN 062 002 475) |
| TRO Board or Board of Directors | The board of directors of TRO |
| TRO Break Fee | A\$250,000 (plus GST, if applicable) |
| TRO Director or Director | A member of the TRO Board |
| TRO Group | TRO and its Subsidiaries |
| TRO Information | The information contained in this Scheme Booklet other than the HRR Information, the Independent Expert's Report in Annexure A to this Scheme Booklet and the Compilation Report in Annexure G to this Scheme Booklet |
| TRO Material Adverse Change | <p>An event or occurrence after the date of the Scheme Implementation Agreement that individually or when aggregated with all other such events or occurrences:</p> <p>(a) is reasonably likely to have a material adverse effect on the mining and exploration business, operations, properties, assets or liabilities, obligations (whether absolute, accrued, conditional or otherwise), condition, financial position or prospects of the TRO Group; or</p> <p>(b) results or is reasonably likely to result in the TRO Group being unable to carry on its business in substantially the same manner as at the date of the Scheme Implementation Agreement,</p> <p>and, without limiting the generality of paragraphs (a) and (b) of this definition, diminishes or is reasonably likely to diminish the value of the net assets of the TRO Group as at 31 December 2013 by an amount of \$1.5 million or more, other than any event or occurrence:</p> <p>(c) which arises from general changes in economic, political or business conditions;</p> <p>(d) which arises from changes in law, regulation or policy of Governmental Agencies in jurisdictions in which the TRO Group operates except where such change specifically refers to the business of TRO and not companies or businesses or types of companies and businesses generally;</p> <p>(e) which is required to be done or undertaken pursuant to the Scheme or a Transaction Document;</p> <p>(f) which took place with the prior written approval of HRR; or</p> <p>(g) to the extent that event or occurrence was known to HRR prior to the date of the Scheme Implementation Agreement (which does not include knowledge of the risk of an event or occurrence happening)</p> |
| TRO Option | An option to acquire a TRO Share |
| TRO Regulated Event | Those occurrences defined as a "Target Regulated Event" in clause 16.1 of the Scheme Implementation Agreement |
| TRO Share | A fully paid ordinary shares in the capital of TRO |

| | |
|---------------------------------------|--|
| TRO Shareholder or Shareholder | A person registered in the Register as a holder of a TRO Share |
| TSX | The Toronto Stock Exchange |
| Voting Instruction Form | The voting instruction form (or other means of requesting voting instructions) sent to Canadian Beneficial Holders seeking voting instructions on the Scheme Resolution in relation to their TRO Shares in accordance with applicable Canadian securities laws |
| Voting Power | Has the meaning given to that term in section 610 of the Corporations Act |
| Voting Record Date | The date on which TRO Shareholders need to be recorded in the Register in order to be entitled to vote at the Scheme Meeting (as at the date of this Scheme Booklet, this date is expected to be 26 July 2014) |
| VWAP | Volume weighted average price |
| WEP | Woodlawn Regional Exploration Project |
| WRP | Woodlawn Tailings Retreatment Project |
| WUP | Woodlawn Underground Project |

12.2 Interpretation

In this Scheme Booklet (other than the Annexures), unless the context requires otherwise:

- All dates and times are Sydney, New South Wales times unless otherwise indicated.
- Words and phrases not otherwise defined in this Scheme Booklet (excluding the Annexures) have the same meaning (if any) as is given to them by the Corporations Act.
- A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- The singular includes the plural and vice versa.
- A reference to a "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency.
- Headings are for ease of reference only and do not affect the interpretation of this Scheme Booklet.
- A reference to a Section or Annexure is a reference to a section of or annexure to (respectively) of this Scheme Booklet unless stated otherwise.

13. Mining technical glossary

| | |
|---------------------------|--|
| Ag | Silver |
| Au | Gold |
| Anomaly | A value higher or lower than expected, which outlines a zone of potential exploration interest but not necessarily of commercial significance. |
| Archaean | A period of geological time spanning 3.8 to 2.5 billion years before present |
| Cu | Copper |
| Decline | A declined tunnel accessing an ore body |
| Feasibility Study | <p>A study with three progressively more detailed stages:</p> <p>"Scoping Study" means a first pass estimate of engineering requirements and costs of a mining operation, processing plant and plant infrastructure. Included in the cost estimates will be infrastructure, tailings disposal, power supply, and owner's costs. The plant design may change as a result of test-work analysis, optimisation studies and engineering improvements performed during execution of the follow-up Pre-feasibility Study. Operating and capital cost estimates are to an order of magnitude accuracy of \pm 35%.</p> <p>A "Pre-feasibility Study (PFS) is an engineering and cost study of a mining operation, processing plant and plant infrastructure. Included in the cost estimates will be infrastructure, tailings disposal, power supply, and owner's costs. The plant design may change as a result of test-work analysis, optimisation studies and engineering improvements performed during execution of the Pre-feasibility Study. Operating and capital cost estimates are to an accuracy of \pm 25%.</p> <p>A "Bank Feasibility Study" (BFS) means a feasibility study undertaken to a high degree of accuracy which may be used as a basis for raising finance for the construction of a project.</p> <p>Typically operating and capital cost estimates are to an accuracy of \pm 15-20%. A BFS is the standard of report required by primary debt funders to demonstrate the technical and commercial viability of a project.</p> |
| Indicated Resource | An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or |

| | |
|--------------------------|--|
| | quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve. |
| Inferred Resource | An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continue exploration. |
| km | Kilometres |
| KNP | Kalgoorlie Nickel Project, a nickel laterite project located through an arc 30 to 150km north-north west to east of Kalgoorlie |
| Level | Horizontal series of developments all at the same distance measured from the surface |
| m | Metre |
| Measured Resource | A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve |
| Mt | Million tonnes |
| Mineralization | In economic geology, the introduction of valuable elements into a rock body |
| Ni | Nickel |
| Nickel Laterite | Nickel occurring as an oxidised hydrated iron oxide, ferruginous clay, smectite clay, chlorite and serpentine assemblage overlying weathered ultramafic rock |

| | |
|---|--|
| Nickel Sulphide | Nickel and copper occurring as an un-oxidised sulphide assemblage associated with fresh ultramafic rock |
| Pb | Lead |
| Project | A grouping of prospects within a specific geographic location, often with a common geological setting |
| Prospect | A target upon which exploration programs are planned or have commenced |
| Province | A grouping of projects within a geological district defined by a major mineralized crustal structure |
| RAB | Rotary Air Blast drilling technique in which a sample is returned to surface outside the rod string by compressed air. Sample quality is poor |
| RC | Reverse Circulation drilling method employing a rotating or hammering action on a drill bit which returns a sample to the surface inside the rod string by compressed air. Sample quality is very good, particularly if the drill hole is dry |
| Reserves or Ore Reserves or Mineral Reserves | <p>Defined by JORC Code, NI43-101 or CIM Standards.</p> <p>Proven or Proved Ore Reserve is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include Feasibility Studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. The term "economic" implies that extraction of the Ore Reserve has been established or analytically demonstrated to be viable and justifiable under reasonable investment assumptions. Probable Ore Reserve is the economically mineable part of a Indicated Mineral Resource.</p> |
| Resource or Mineral Resource | A Mineral Resource is a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. Mineral Resources are further sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. |
| Saprolite Ore | Nickel laterite mineralization consisting of hydrated magnesium silicate minerals with nickel and cobalt occurring in association with the silicate phases. The ore is a weathered clay-rich rock which retains original rock textures, and is significantly more competent than Nontronite, Manganiferous, Goethite or Siliceous Ore |

| | |
|----------------------|--|
| Siliceous Ore | Nickel laterite mineralization consisting of chalcedonic silica and hydrated iron oxide with nickel and cobalt occurring in association with iron and manganese oxide minerals. The ore nickel and cobalt grades may be increased by 50-100% through wet screening and rejection of low grade siliceous fragments within the ore. Total SiO ₂ exceeds 40% |
| VMS | Volcanogenic Massive Sulphide ore deposit where massive iron sulphides formed associated with volcanic rocks commonly enriched in copper, zinc, lead, silver and gold |
| Ultramafic | Rocks composed almost entirely of mafic minerals which are prospective for nickel mineralization |
| XRF | An assay technique using X-ray fluorescence spectroscopy on a fused glass button of powdered rock sample, which is an analytical method used in nickel laterite grade estimation |
| Zn | Zinc |

Annexure A – Independent Expert’s Report

YOUR TRUSTED VALUE ADVISER



TriAusMin Limited

Independent Expert's Report in relation to proposed merger with Heron Resources Limited

9 April 2014



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9 April 2014

The Independent Directors
TriAusMin Limited
Suite 702
Level 7, 191 Clarence Street
Sydney, NSW 2000

Dear Sirs

Independent Expert's Report in relation to the proposed merger with Heron Resources Limited

Proposed Transaction

On 10 March 2014, the Boards of Heron Resources Limited ["Heron"] and TriAusMin Limited ["TriAusMin"] announced that they had entered into an agreement to combine the two companies by means of a Scheme of Arrangement between TriAusMin and its shareholders ["Proposed Transaction" or "Scheme"].

Under the Proposed Transaction TriAusMin shareholders will receive 1 Heron share for every 2.33 TriAusMin shares held. TriAusMin option holders are able to exercise their options up until the implementation date. If they do not choose to exercise, TriAusMin option holders will receive 1 Heron option for every 2.33 TriAusMin options. The terms of the Proposed Transaction are set out in the Scheme Booklet.

In the announcement on 10 March the directors of TriAusMin recommended that the TriAusMin shareholders vote in favour of the Proposed Transaction, subject to there being no superior proposal.

Purpose of the Report

The Independent Directors of TriAusMin have appointed Value Adviser Associates Pty Ltd ["VAA"] to prepare an independent expert's report ["IER"] setting out our opinion as to whether the Proposed Transaction is in the best interests of the shareholders of TriAusMin ["TriAusMin shareholders" or "shareholders"].

The IER will be sent, by the directors of TriAusMin, to shareholders and accompany the Scheme Booklet and Notice of Scheme Meeting.

Scope

TriAusMin is registered in Australia and, as such, needs to comply with Australian regulatory requirements. This report has therefore been prepared having regard to Australian Securities and Investments Commission ["ASIC"] Regulatory Guide 111 – *Content of Expert Reports* ["RG111"], ASIC Regulatory Guide 112 – *Independence of Experts* ["RG 112"] and



ASIC Regulatory Guide 74 – *Acquisitions Approved by Members* ["RG 74"] as well as Clause 8303 of Schedule 8 of the Corporations Regulations.

Clause 8303 of Schedule 8 of the Corporations Regulations (2001) sets out the requirement for an independent expert's report in relation to a scheme of arrangement when a party to that scheme has a prescribed shareholding in the company subject to the scheme.

The Corporations Regulations require that the directors of TriAusMin provide shareholders with an expert report which assesses whether the proposal is in the best interests of the shareholders.

Regulatory Guide 111 – *Content of Expert Reports* ["RG 111"] sets out the assessment framework (paragraph 111.10 et seq) that requires the expert to separately determine if the offer is fair and, in the event that it is not, whether it is reasonable.

Under RG 111.18 and RG 111.19, a scheme of arrangement producing a similar outcome to a takeover is subject to the same "fair and reasonable" considerations as a takeover.

Under RG111.11 an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. This comparison should be made:

(a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and

(b) assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash.

Under RG 111.31 when considering whether an offer is fair, "the comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

(a) the acquirer is obtaining or increasing control of the target; and

(b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

In other words, if there is a takeover of control, then the value of TriAusMin to shareholders before the proposed transaction should be considered assuming 100% control, and the value of the merged entity after the proposed transaction should be considered assuming that shareholders hold a minority stake in the merged entity.

Under RG111.12 an offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

Basis of Assessment

In determining whether the Scheme is in the best interests of Shareholders we have:

- determined whether the value to TriAusMin shareholders is fair. In other words, we have considered whether the value to TriAusMin shareholders post the Proposed Transaction is likely to be equal to or greater than the value to TriAusMin shareholders before the Proposed Transaction;



- considered the position of TriAusMin shareholders should the Proposed Transaction not proceed;
- considered whether there is a better alternative to TriAusMin shareholders than the Proposed Transaction; and
- considered other factors which we consider to be relevant to the TriAusMin shareholders in their assessment of the Proposed Transaction.

To determine the value to TriAusMin shareholders before the proposed transaction, we considered both the current share price and the value of TriAusMin's projects. We considered only the value of Woodlawn Tailings Retreatment Project ["WRP"] as there are no reasonably definable cash flows associated with other projects.

To determine the value to TriAusMin shareholders post the proposed transaction, a value for the merged company was determined and the proportion of merged company value held by TriAusMin shareholders was estimated. Both the share price and a valuation of the assets based upon cash flows and surplus cash were used to estimate fair value. As there are no reasonably definable cash flows attaching to any projects in TriAusMin and Heron with the exception of the WRP, VAA has combined the value of WRP (because it is at the development stage) and the cash held by Heron to estimate the merged company financial position.

This does not mean that no value will emerge from the other projects, merely that the probability of significant value emerging is not regarded as a significant contributor to value at this time.

The profiles of TriAusMin and of Heron presented in the body of the report are for background information and the segments of this information that are used in the valuations can be found from the Approach section starting on page 35.

Summary of Opinion

VAA has assessed that the proposed transaction is in the best interests of the TriAusMin shareholders.

Unless otherwise stated, all references to dollar amounts are expressed in Australian dollars.

The scheme booklet states that the key benefit of the Scheme is that the merged entity will have sufficient cash to either commence the development of the Woodlawn Retreatment Project ["WRP"] subject to the ability to raise the remaining development capital or undertake a bankable feasibility study ["BFS"] on the Woodlawn Underground Project ["WUP"].

There are reasonable levels of certainty related to WRP as a result of an NI 43-101 report and a comprehensive forecast cash flow model.

The economics of the WUP and the other projects under consideration by TriAusMin and Heron are however uncertain at this stage and it is unclear whether any of the projects are likely to be NPV positive.

It is possible that TriAusMin's WUP, Calarie, Lewis Ponds, Overflow and Herons' Kalgoorlie Nickel Project and other exploration projects may have economic value in future. In particular, given the recent price increases in nickel, the Kalgoorlie Nickel project may start to be economic.



However, at this stage there are no indications the projects are economic. We are able to estimate revenues at a high level from the indicated and inferred resources, but there is no indication as yet of the cost of extracting those resources. If costs and capex are more than the revenue, then projects will be uneconomic. There is a good chance that the projects could cost more to implement than they earn.

This is certainly the view of the market. Currently early stage projects such as WUP are not marketable; there is no indication of any mergers and acquisition activity relating to these projects in the market and neither Heron nor TriAusMin's share price reflects any value for their early stage projects.

TriAusMin and Heron have held their interests in these projects for considerable periods of time. There is no evidence that they have been able to extract any value from these projects to date.

Our view on these projects is that there should be no value ascribed to these projects until more is known about whether they will cost money to implement or earn positive returns.

Consequently, no value has been ascribed to the Kalgoorlie Nickel, WUP, Calarie, Lewis Ponds or Overflow projects.

Using share price to estimate fair market value:

- The minority value per TriAusMin share before the Proposed Transaction is \$0.045. RG 111 requires consideration of TriAusMin on a controlling basis. If a 20% control premium is added, the value on a controlling basis per TriAusMin share prior to the transaction is \$0.0540.
- The value of the combined entity on a minority basis is \$45.5m. RG 111 requires consideration of the merged entity post the transaction on a minority basis. The equivalent value to TriAusMin shareholders in the combined entity post the Proposed Transaction is \$0.0541 per share (or \$0.1261 per merged entity share).

Using asset values to assess fair market value:

- The value on a controlling basis per TriAusMin share prior to the transaction is \$0.0518.
- RG 111 requires assessment of value to shareholders on a minority basis after the transaction. The value to TriAusMin shareholders (after deducting a 20% minority discount) is \$0.0522 (or \$0.1217 per merged entity share) as set out below.



| | Share Price | Asset Value |
|--|---------------------|----------------------------------|
| | 20% Control Premium | Controlling Basis |
| Pre-Proposed Transaction | | |
| TriAusMin Shareholder Value Pre-Merger (\$m) | 13.6 | 13.0 |
| Value per TriAusMin Share Pre-Merger | 0.0540 | 0.0518 |
| | No Control Premium | 20% Minority Discount Adjustment |
| Post-Proposed Transaction | | |
| Merged Entity Value (\$m) | 45.5 | 43.9 |
| TriAusMin Shareholders Proportion of Merged Entity Value (\$m) | 13.6 | 13.1 |
| Value Per TriAusMin Share post-Merger | 0.0541 | 0.0522 |
| Value Per Merged Entity Share (2.33 TRO shares) | 0.1261 | 0.1217 |

The value to TriAusMin shareholders determined using an asset value approach post the proposed transaction is 3.5% lower than the value to shareholders using a share price approach. Our primary approach is the share price approach, therefore the expected value to TriAusMin shareholders before the transaction is \$13.6m or \$0.0540 per TriAusMin share, and after the transaction it is also \$13.6m or \$0.0541 per TriAusMin share or \$0.1261 per merged entity share.

The value to TriAusMin shareholders post the Proposed Transaction is likely to be equal to or greater than the value to TriAusMin shareholders before the Proposed Transaction. Therefore, in the opinion of Value Adviser Associates, the offer is fair. Consistent with RG111 the offer is also, therefore, reasonable.

TriAusMin option holders are able to convert their options to Heron options using the same conversion ratio as for TriAusMin shares (i.e. 2.33 TriAusMin options per Heron option), with each exercise price adjusted according to the same ratio, therefore TriAusMin option holders will benefit from the same increase in fair value as TriAusMin Shareholders.

An application has been made to list Heron and the New Entity's Shares on TSX, so that, if such listing is obtained (which is subject to the approval of TSX), North American shareholders can benefit from being able to trade their Shares on a North American Market, and the Merged Entity can maintain and develop relationships with investors in those markets. There is no guarantee that TSX listing will be obtained.

Restrictions in certain foreign countries may make it impractical or unlawful for new Heron Shares to be offered or issued under the Scheme to TriAusMin Shareholders in those countries. The new Heron shares of ineligible Foreign Shareholders will be sold on the market as soon as reasonably practicable (subject to regulatory approval), but no more than 15 Business Days after the Implementation Date. In our view, as the expected fair value to TriAusMin shareholders is expected to be equal or greater post the Proposed Transaction, it is also likely that the market price obtained by Ineligible Foreign Shareholders will be no less than the current market price, therefore the offer is likely to be fair and, consistent with RG111, reasonable, for those shareholders. There is however, a risk that the sale of the shareholdings of ineligible foreign shareholders could put a downward pressure on the merged entity share price. The number of ineligible shareholders is difficult to determine with certainty, therefore it is difficult to determine the extent of any potential



downside. As discussed in the Scheme Booklet, the Proposed Transaction means that ineligible shareholders are no longer able to participate in the Woodlawn project and may incur taxes.

If the Scheme is not implemented, TriAusMin will continue to explore and advance the Woodlawn projects. However, TriAusMin is cash-constrained and will need to source alternative funding in the short-term. In addition, TriAusMin would be liable to pay off the interest and principal on the \$1.3m convertible note provided by Heron, unless the convertible notes were converted into shares. There is little reasonable expectation that TRO could raise sufficient capital in the current market without either impacting the existing share price (on the basis that an equity raising is likely to be at a discount) or giving up other commercial aspects of the project to another party, e.g. royalties, off-take, etc.

There is currently no other offer that would provide superior value to TriAusMin shareholders.

It is therefore our opinion that the offer is in the best interests of shareholders because the offer is both fair and reasonable, and, based on information at the time of this report, TriAusMin shareholders are likely to be better off if this Scheme is implemented than under any likely alternative option.

Other Matters

This report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of the shareholders of TriAusMin. The decision to accept or reject the Proposed Transaction is a matter for individual shareholders. Shareholders of TriAusMin should consider the advice in the context of their own circumstances and preferences. Shareholders of TriAusMin who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their own professional adviser.

VAA has prepared a Financial Services Guide in accordance with the Corporations Act, 2001. This is included in Appendix 5 to this report.

Our opinion is made as at the date of this report and reflects circumstances and conditions as at that date. This letter must be read in conjunction with the full report.

Yours faithfully

Michael Churchill
CEO

Megan Raynal
Executive Director



Glossary

| | |
|-----------|---|
| Ag | Silver |
| ASX | Australian Securities Exchange |
| ATO | Australian Tax Office |
| Au | Gold |
| AUD | Australian dollar |
| BFS | Bankable Feasibility Study |
| CAD | Canadian Dollar |
| Calarie | The Calarie project comprising EL 7023 and ML 739 located near the town of Forbes, 290 kilometres west of Sydney |
| Cu | Copper |
| DCF | Discounted Cash Flow |
| EL | Exploration licence |
| g/t | Grams per tonne |
| GFC | Global financial crisis |
| Heron | Heron Resources Limited |
| Indicated | An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve. |
| Inferred | An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. |

| | |
|-------------------|--|
| IVS | International Valuation Standards |
| IVSC | International Valuation Standards Council |
| JORC Resource | A 'Mineral Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured. |
| JORC Reserve | An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. |
| KNP | Heron's 100% owned Kalgoorlie Nickel Project ["KNP"] |
| Lewis Ponds | The Lewis Ponds base and precious metal project is located 15 km from the regional town of Orange in New South Wales |
| LME | London metals exchange |
| Measured | A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve. |
| Minority interest | A significant but non-controlling ownership of less than 50% of a company's voting shares by either an investor or another company |
| ML | Mining lease |
| Mt | Million tonnes |
| Pb | Lead |
| PFS | Pre-Feasibility Study |
| RG 111 | Regulatory Guide 111 – Content of Expert Reports |
| RG 112 | Regulatory Guide 112 - Independence of Experts |

| | |
|-------------|---|
| Small-cap | Small market capitalisation |
| TriAusMin | TriAusMin Limited |
| TSX | Toronto Stock Exchange |
| USD | United States dollar |
| VAA | Value Adviser Associates |
| VALMIN Code | The Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports |
| VWAP | Volume-weighted average price |
| WRP | Woodlawn Tailings Retreatment Project |
| WUP | Woodlawn Underground Project |
| Zn | Zinc |

Outline of the Proposed Transaction

On 10 March 2014, the Heron and TriAusMin directors announced that they had entered into an agreement to combine the two companies by means of a Scheme of Arrangement between TriAusMin and its shareholders.

The scheme is subject to approval by a special majority (75%) of shareholders as set out in the Scheme Booklet.

Under the Scheme, TriAusMin shareholders will receive 1 Heron share for every 2.33 TriAusMin shares held. TriAusMin option holders are able to exercise their options up until the implementation date. If they do not choose to exercise, TriAusMin option holders are able to convert their options to Heron options using the same conversion ratio as for TriAusMin shares (i.e. 2.33 TriAusMin options per Heron option), with each exercise price adjusted according to the same ratio.

The merged entity will, subject to regulatory approval, be listed on both the ASX. An application has been made to list Heron and the New Entity's Shares on TSX, so that, if such listing is obtained (which is subject to the approval of TSX), North American shareholders can benefit from being able to trade their Shares on a North American Market, and the Merged Entity can maintain and develop relationships with investors in those markets. There is no guarantee that TSX listing will be obtained.

TriAusMin Managing Director Mr Wayne Taylor will become Managing Director and CEO of the merged entity and TriAusMin Chairman Dr James Gill will become Deputy Chairman. Heron's Chairman Craig Readhead will become Chairman of the merged entity. Heron's Mr Ian Buchhorn will become Executive Director, and the other Heron director Mr Steve Dennis will continue in his existing capacity.

The strategic focus of the company will be on advancing the Woodlawn Underground Project ["WUP"] toward a production decision, enhancing the value of the Woodlawn Tailings Retreatment Project ["WRP"], and on completing a bankable feasibility study ["BFS"] involving a combined WRP and WUP development program.

The merged entity will have significant cash, which will allow shareholders to benefit from progress of WUP to BFS and production decision stage. A surface drilling program is to be conducted, followed by a decision to undertake a full BFS for WUP. If WUP proceeds, it is likely that it would increase the economic benefit to WRP; however, the WRP could proceed without the WUP based on the current forward zinc price. Further capital will be required to proceed to full production on either WRP or WUP.

The Proposed Transaction is subject to customary conditions (including TriAusMin shareholder and court approval) and conditions relating to the satisfactory advancement of the transfer of key mining lease SML 20 to TriAusMin.

TriAusMin Directors unanimously recommend that TriAusMin shareholders vote in favour of the Proposed Transaction, in the absence of a superior proposal and subject to an Independent Expert concluding that the Transaction is in the best interests of TriAusMin shareholders.

Subject to the same conditions, TriAusMin's Chairman and Tri Origin Exploration Limited, being TriAusMin shareholders holding 26.4% of its issued capital, have indicated their intention to vote their shares in favour of the Transaction.

Details of the Proposed Transaction are set out in the Announcement and Scheme

Implementation Agreement dated 10 March 2014 that have been lodged with the Australian Securities Exchange ["ASX"]; and in the Scheme Booklet, to which this IER is appended.

Scope of the Report

This report has been prepared having regard to Australian Securities and Investments Commission ["ASIC"] Regulatory Guide 111 – *Content of Expert Reports* ["RG 111"] and ASIC Regulatory Guide 112 - *Independence of Experts* ["RG 112"] as well as Clause 8303 of Schedule 8 of the Corporations Regulations.

Clause 8303 of Schedule 8 of the Corporations Regulations (2001) sets out the requirement for an independent expert's report in relation to a scheme of arrangement when a party to that scheme has a prescribed shareholding in the company subject to the scheme.

The Corporations Regulations require that the directors of TriAusMin provide shareholders with an expert report which assesses whether the proposal is, in all respects, in the best interests of the shareholders.

RG 111 sets out the assessment framework that requires the expert to separately determine if the offer is fair and, in the event that it is not, whether it is reasonable.

Under RG 111.18 and RG 111.19 a scheme of arrangement producing a similar outcome to a takeover is subject to the same "fair and reasonable" considerations as a takeover.

Under RG 111.11 an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. This comparison should be made:

(a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and

(b) assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash.

Under RG 111.31 when considering whether an offer is fair, "the comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

(a) the acquirer is obtaining or increasing control of the target; and

(b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

In other words, if there is a takeover of control then the value of TriAusMin to shareholders before the proposed transaction should be considered assuming 100% control, and the value of the merged entity after the proposed transaction should be considered assuming that shareholders hold a minority stake in the merged entity. This is required, notwithstanding that current ordinary shareholders of TriAusMin actually own minority stakes in TriAusMin.

Under RG 111.12 an offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

Basis of Assessment

In determining whether the Scheme is in the best interests of Shareholders we have:

- determined whether the value to TriAusMin shareholders is fair. In other words, we have considered whether the value to TriAusMin shareholders post the Proposed Transaction is likely to be equal to or greater than the value of TriAusMin shareholders before the Proposed Transaction;
- considered the position of TriAusMin shareholders should the Proposed Transaction not proceed;
- considered whether there is a better alternative to TriAusMin shareholders than the Proposed Transaction; and
- considered other factors which we consider to be relevant to the TriAusMin shareholders in their assessment of the Proposed Transaction.

Shareholder's Decision

This report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of Shareholders. The decision to approve the Proposed Transaction is a matter for individual shareholders.

Shareholders should consider the advice in the context of their own circumstances, preferences and risk profiles. Shareholders should also have regard to the Explanatory Notes in relation to the Proposed Transaction.

Shareholders who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their own professional adviser.

Limitations and Reliance on Information

Our opinion is based on the economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Our report is also based upon financial and other information provided by or on behalf of TriAusMin. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Scheme is in the best interests of the TriAusMin shareholders. However, in assignments such as this, time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. None of these additional tasks have been undertaken.

An important part of the information base used in forming an opinion of the kind expressed in this report is the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

All dollar amounts are shown in Australian dollars ["AUD"] unless otherwise stated.

Profile of TriAusMin Limited

History and Overview

TriAusMin is engaged in the exploration and development of base and precious metals deposits in the Lachlan Fold Belt mineral province of New South Wales, Australia.

TriAusMin Limited was listed on the Australian Securities Exchange in 2004 and on the Toronto Stock Exchange ["TSX"] in Canada in 2010.

TriAusMin's principal project is the Woodlawn Project, located 200 km southwest of Sydney. It also has a number of other exploration properties.

A summary of TriAusMin's JORC compliant mineral resources is provided in Table 1.

Table 1: TriAusMin Limited's Mineral Resources

| Project | Quantity (Mt) | Zn (%) | Cu (%) | Grades | | |
|--|------------------|-------------|-------------|-------------|-------------|-------------|
| | | | | Pb (%) | Au (g/t) | Ag (g/t) |
| Measured + Indicated Mineral Resource | | | | | | |
| Woodlawn Retreatment Project | 9.4 | 2.33 | 0.52 | 1.36 | 0.3 | 32 |
| Woodlawn Underground Project | 8.58 | 10.25 | 1.8 | 4.02 | 0.54 | 84 |
| Lewis Ponds Project | 6.35 | 2.4 | 0.2 | 1.4 | 1.5 | 68 |
| Total Measured + Indicated Mineral Resource | 24.33 | 5.14 | 0.89 | 2.31 | 0.7 | 60 |
| Inferred Mineral Resources | | | | | | |
| Woodlawn Retreatment Project | 2.25 | 2.1 | 0.44 | 1.3 | 0.27 | 31 |
| Woodlawn Underground Project | 1.52 | 9.6 | 1.65 | 4.08 | 0.61 | 87 |
| Lewis Ponds Project | 0.27 | 3 | 0.1 | 1.9 | 1.1 | 96 |
| Total Inferred Mineral Resource | 4.04 | 4.98 | 0.87 | 2.39 | 0.45 | 56 |

Source: TriAusMin Limited

Woodlawn

The Woodlawn Project, located 200 km southwest of Sydney, is a high-grade zinc, lead, and copper deposit containing by-product gold and silver.

The two principal components of Woodlawn Project are the Woodlawn Underground Project ["WUP"] and the Woodlawn Tailings Retreatment Project ["WRP"].

The WRP is based on a former open pit and underground mine, which produced approximately 13.4 million tonnes of high grade zinc, lead and copper ore when in production between 1978 and 1998. The WRP contains 11.2 Mt of JORC Reserves in tailings material left over from former operations. The WRP involves reprocessing these tailings to produce separate zinc, lead and copper concentrates that contain gold and silver by-product credits with a mine life of 7.5 years.

The WUP contains 10.1 Mt of JORC Resources located near to the previous workings of the former underground Woodlawn mine. Three drilling campaigns from 2010 to 2013 have delineated extensions to the existing high grade lenses as well as identified new, previously untested high grade massive sulphide lenses.

While the WUP has reasonably high quantities and grades of measured and indicated mineral resources; it is not yet clear if the project is economic. A Bankable Feasibility Study ["BFS"] is yet to be conducted on the WUP.

Final NSW State regulatory project approvals for the Woodlawn Project were received on 4

July 2013.

Lewis Ponds

The Lewis Ponds base and precious metal project is located 15 km from the regional town of Orange in New South Wales. The district of Lewis Ponds has had a long history of mining with the discovery of gold in the 1850's and open pit and shallow underground mining undertaken between 1887 to 1921.

In 1991 TriAusMin acquired the Lewis Ponds tenement and by 2005 had established a JORC compliant Indicated Mineral Resources comprising Main and Tom's Zone of 6.35 Mt. Shallow RC drilling in 2011 identified new zones of base and precious metal mineralisation that are located adjacent to the Main and Tom's Zones Resource. At present, the company is drilling an exploration target at the south part of the tenement.

Overflow Project

The Overflow Project (consisting of EL 5878 and EL 7941) is centred on Bobadah 120km southeast of Cobar within the western Lachlan Foldbelt of central NSW. The Overflow Mine was a significant past producer of gold, silver and zinc. Outside the mine at least seven regional targets have been defined that have not been adequately tested to ascertain the prospectivity of these targets.

Calarie Project

The Calarie project comprises EL 7023 and ML 739 located near the town of Forbes, 290 kilometres west of Sydney. TriAusMin considers there is potential for the discovery of high-grade gold mineralisation amenable to underground mining at the Calarie Project. Calarie covers the historic Lachlan gold deposit that operated between 1896 and 1908. The Lachlan Deposit produced in excess of 612kg gold at an average grade of 23g/t.

The Calarie project is currently subject to a farm-in agreement with Kimberley Diamonds Limited ["KDL"]. From previous exploration, Kimberley have established the JORC Inferred Resource of 0.5 million tonnes grading 2.2 g/t gold within and beneath the old gold workings. No PFS or other economic study has been conducted.

Financial Information

The historical financial information indicates that TriAusMin has been primarily funded by equity injections since listing on the ASX in 2004. Its major asset is capitalised exploration and evaluation expenditure. Its two biggest cash expenses are payments to employees and exploration expenses.

The company has incurred losses since inception. In the Annual Financial Statements since 2004, the auditors stated that material uncertainties exist, going forward, which cast significant doubt on the Company's ability to continue as a going concern.

To survive, TriAusMin either has to move its projects into profitable production, or sell prospective projects for a sufficient amount to enable it to continue exploration activities or raise further equity.

Historical Financial Performance

The financial performance for TriAusMin during the period 2010 to 2013 and for the half-year to December 2013 is summarised in Table 2.

The following key points should be noted in respect of the financial performance set out below:

- Exploration and evaluation expenses have been capitalised since inception.
- Salary costs have increased steadily since 2011 primarily as a result of hiring new staff¹.

Table 2: TriAusMin Limited – Audited Statement of Financial Performance

| TriAusMin Limited Income Statement for Financial Year Ended | 30 June 2010 | 30 June 2011 | 30 June 2012 | 30 June 2013 | 31 December 2013 |
|--|-----------------|-----------------|-----------------|-----------------|---------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Continuing Operations | | | | | |
| Other Income | 78 | 89 | 126 | 67 | 15 |
| Depreciation and amortisation | (20) | (51) | (25) | (24) | (11) |
| Exploration and evaluation expenses written off | (129) | (21) | - | - | - |
| Interest expenses | (0) | (1) | - | - | - |
| Salary costs (incl directors' fees) | (800) | (346) | (1,000) | (1,000) | (454) |
| Professional and legal fees | (342) | (274) | (73) | (200) | (157) |
| Share registry expense | (115) | (120) | (82) | (76) | (26) |
| Share based payment expense | - | - | (111) | (58) | (19) |
| Share based credit payment | 23 | 78 | - | - | - |
| Occupancy expense | (87) | (72) | (61) | (55) | (33) |
| Travel and accommodation | (72) | (135) | (145) | (80) | (61) |
| Insurance expense | (41) | (37) | (91) | (41) | (12) |
| Computer expense | - | - | (58) | (32) | (7) |
| Other expenses | (88) | (141) | (179) | (57) | (22) |
| Loss before income tax expense from Continuing Operations | (1,594) | (1,031) | (1,698) | (1,555) | (787) |
| Income tax refund | - | - | - | - | - |
| Loss after income tax | (1,594) | (1,031) | (1,698) | (1,555) | (787) |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income | (1,594) | (1,031) | (1,698) | (1,555) | (787) |

Note: The income to 31 December 2013 is for the half year

Forecasts of Financial Performance

No consolidated profit forecasts are available for TriAusMin. VAA has been provided with a cash flow forecast pertaining to the development of the WRP. This has formed the basis of the assessment of value of that asset.

Financial Position

The financial position of TriAusMin as at 31 December 2013, 30 June 2013 and for previous financial years are summarised in Table 3.

We have been advised by TriAusMin that there has been no material change to the financial position of TriAusMin since the last published financial statements.

The following key points should be noted in respect of the financial position of TriAusMin set out below:

- The company has been funded by share capital issued since its listing on the ASX in 2004.
- TriAusMin's main asset is capitalised exploration and evaluation expenditure. This has steadily increased, except in the 6 months to December 2013. The reduction is due

¹ Page 3, TriAusMin Annual Report 2011

to offsetting an R&D refund arising from metallurgical test work against the exploration expense. While the exploration and evaluation expenditure is not considered impaired by TriAusMin's Directors, they also accept that this capitalised expenditure does not represent fair market value of the tenements. The December 2013 interim Financial Statements states:

"The Directors have determined that the carrying values of exploration and evaluation expenditure has not been impaired as of 31 December 2013 (2012: Nil), based on the current values they are expected to be recouped through successful development, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, and progress in the area of interest is continuing. The above carrying values do not purport to represent the amount receivable by the Company in the event the interests in the mining tenements were farmed out or sold or the future value in use to the Company".

- Cash has reduced since 2011 due to expenditure on continued exploration activities and other operating costs.
- The \$30,000 provision shown as a non-current liability has been recognised for rehabilitation costs.
- As at 31 December 2013 TriAusMin had \$0.8 million in cash and therefore had a need for additional capital to meet the expected costs associated with exploration commitments, the Transaction and working capital. As a result, HRR agreed to invest \$1.3 million in TriAusMin by way of a convertible loan with a term of approximately 9 months and an interest rate of 8% ["Convertible Loan"]. The Convertible Loan may be converted into TRO Shares at a share price of A\$0.04 under certain limited circumstances, and will be cancelled upon successful completion of the Transaction. Should the Convertible Loan be converted into equity, Heron would hold up to a 12% interest in TRO. The convertible loan is included in the 31 March 2014 Pro-forma statement of financial position.

Table 3: TriAusMin Limited – Audited Statement of Financial Position

| TriAusMin Limited Balance Sheet (AUD000s) | 30 June 2010 | 30 June 2011 | 30 June 2012 | 30 June 2013 | 31-Dec 2013 | 31-Mar 2013 Pro-Forma |
|--|-----------------|-----------------|-----------------|-----------------|----------------|-----------------------------|
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | 435 | 3,075 | 1,449 | 1,500 | 799 | 1,574 |
| Trade and other receivables | 85 | 104 | 254 | 64 | 30 | 19 |
| Other assets | 13 | 52 | 16 | 16 | 24 | 21 |
| TOTAL CURRENT ASSETS | 533 | 3,230 | 1,719 | 1,580 | 853 | 1,614 |
| NON-CURRENT ASSETS | | | | | | |
| Property plant and equipment | 240 | 197 | 211 | 200 | 189 | 183 |
| Exploration and evaluation expenditure | 22,540 | 23,389 | 27,043 | 28,025 | 27,778 | 27,978 |
| TOTAL NON-CURRENT ASSETS | 22,780 | 23,587 | 27,253 | 28,225 | 27,966 | 28,161 |
| TOTAL ASSETS | 23,313 | 26,817 | 28,972 | 29,805 | 28,819 | 29,775 |
| CURRENT LIABILITIES | | | | | | |
| Trade and other payables | 227 | 546 | 716 | 367 | 135 | 175 |
| Convertible Note | | | | | | 1,300 |
| Provisions | 25 | 8 | 28 | 40 | 56 | 59 |
| TOTAL CURRENT LIABILITIES | 252 | 554 | 744 | 408 | 191 | 1,534 |
| NON-CURRENT LIABILITIES | | | | | | |
| Provisions | 30 | 30 | 30 | 30 | 30 | 30 |
| TOTAL NON-CURRENT LIABILITIES | 30 | 30 | 30 | 30 | 30 | 30 |
| TOTAL LIABILITIES | 282 | 584 | 774 | 438 | 221 | 1,564 |
| NET ASSETS | 23,031 | 26,233 | 28,198 | 29,367 | 28,599 | 28,211 |

Cash flows

The cash flows for the half year ended 31 December 2013, the year ended 30 June 2013 and for previous financial years are summarised in Table 4.

The following key points should be noted in respect of the cash flows set out below:

- Primary cash inflows in each period are proceeds for issue of shares every year.
- Primary cash outflows relate to payments to suppliers and employees (mainly employees) and expenditure on exploration activities.

Table 4: TriAusMin Limited – Audited Statement of Cash flows

| TriAusMin Limited Cash Flow Statement for Financial Year Ended | 30 June 2010 | 30 June 2011 | 30 June 2012 | 30 June 2013 | 31 December 2013 |
|---|-----------------|-----------------|-----------------|-----------------|---------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Payment to suppliers and employees | (1,539) | (963) | (1,552) | (1,810) | (741) |
| R&D income received | 355 | - | - | - | - |
| Interest received | 59 | 89 | 125 | 67 | 15 |
| Interest paid | (0) | (1) | - | - | - |
| NET CASH USED IN OPERATING ACTIVITIES | (1,125) | (875) | (1,427) | (1,743) | (726) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Payment for exploration activities (net of R&D refund) | (1,589) | (736) | (3,571) | (860) | 26 |
| Payment for property plant and equipment | (7) | (9) | (38) | (13) | - |
| NET CASH (USED IN) / FROM INVESTING ACTIVITIES | (1,596) | (745) | (3,609) | (872) | 26 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from issue of shares | 1,709 | 4,593 | 3,448 | 2,934 | - |
| Share issue cost | (320) | (333) | (38) | (268) | - |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 1,389 | 4,260 | 3,410 | 2,667 | - |
| NET (DECREASE) / INCREASE IN CASH HELD | (1,332) | 2,640 | (1,626) | 51 | (700) |
| Cash at the beginning of reporting period | 1,767 | 435 | 3,075 | 1,449 | 1,500 |
| CASH AT THE END OF THE REPORTING PERIOD | 435 | 3,075 | 1,449 | 1,500 | 799 |

Capital Structure

The total number of ordinary shares on issue as reported in the Interim Financial Statements at 31 December 2013 was 251,389,050. As at 10 March 2014, the number of ordinary shares had not changed.

TriAusMin shareholders will be able to convert to Heron shares at the implementation date at one Heron share for every 2.33 TriAusMin shares.

Options

The balance of share options that have been granted to directors and employees of TriAusMin as reported in the Interim Financial Statements at 31 December 2013 was 8,533,333. This increased by 50,000 to 8,583,333 under the ESOP as at 11 February 2014.

Option holders are able to exercise their options up until the implementation date. Management have indicated that, given the strike prices, it is unlikely that any of the options will be exercised before the implementation date. If options are not exercised, TriAusMin options will be converted to Heron options using the same conversion ratio as for TriAusMin shares (i.e. 2.33 TriAusMin options per Heron option), with each exercise price adjusted according to the same ratio.

The majority of unexercised options currently on issue are likely to expire unexercised as the exercise prices are in excess of the current share price. There are some 2.5 million (approximately 1% of fully-paid ordinary shares) unexercised options which are longer-dated and may be exercised into ordinary shares at some time prior to expiry. Our analysis shows that the potential cash raised from exercise of the longer-dated options amounts to approximately \$170,000. Our analysis of the merger benefits has been undertaken on an undiluted basis as neither the dilutive effect or cash raised are material.

Major Shareholders

As at 31 December 2013, Tri Origin Exploration Limited had 29,270,023 ordinary shares and

11.6% of total voting rights.

TriAusMin Director Jim Gill holds 37 million shares as at 31 December 2013 and is the largest shareholding by a TriAusMin Director.

The relevant interest of Directors in the following securities on issue in TriAusMin as at 31 December 2013 is listed in Table 5.

Table 5: TriAusMin – Directors Interests

| TriAusMin Directors relevant interests | | | |
|--|----------------------|-----------------|------------------|
| Director name | Director initial | Ordinary shares | Unquoted options |
| Jim Gill | JW G - Jim Gill | 37,223,010 | 500,000 |
| Bill Killinger | WFK - Bill Killinger | 2,442,082 | 600,000 |
| Alan Snowden | AJES - Alan Snowden | 807,500 | 500,000 |
| Wayne Taylor | WRT - Wayne Taylor | 1,854,482 | 4,000,000 |
| Bob Valliant | RIV - Bob Valliant | 3,191,444 | 2,200,000 |

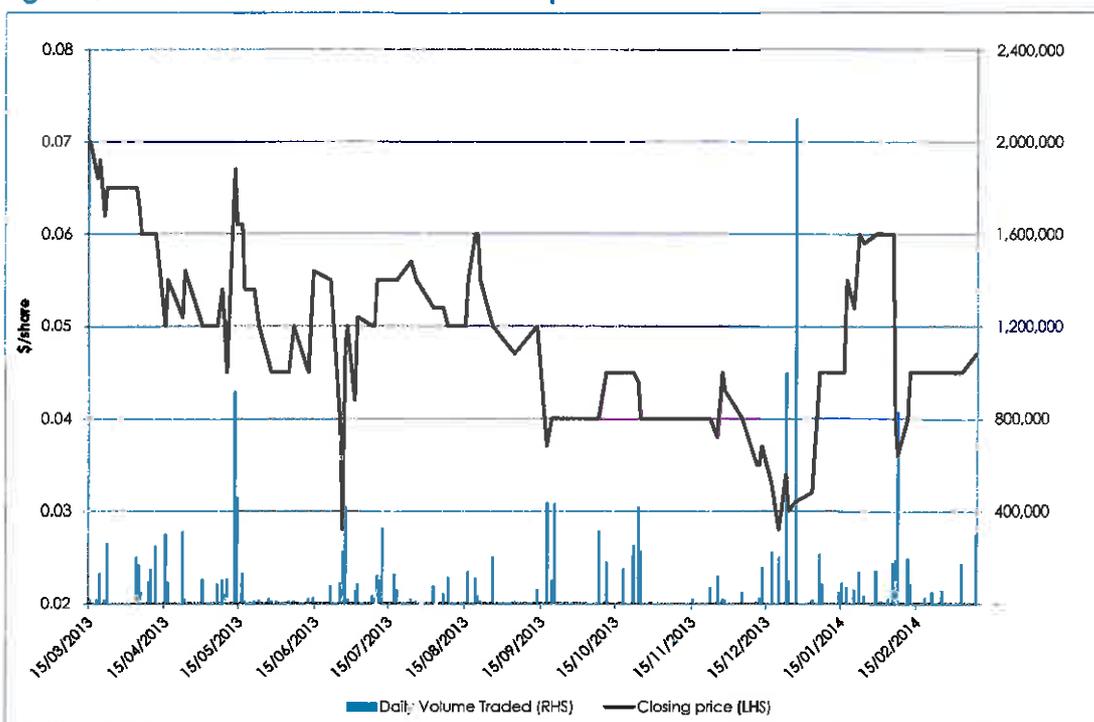
Dividends

TriAusMin has not paid any dividends to date.

Share Price Performance (ASX - AUD)

Figure 1 sets out TriAusMin's share price history on the ASX between 10 March 2013 and 10 March 2014. While TriAusMin is registered in Australia and has some shares trading on the ASX, as at 30th March 2014 the Canadian register (control account) for TriAusMin held 196,383,526 shares, comprising 78% of the total outstanding TriAusMin shares of 251,389,050, therefore the TSX share price performance is shown after the ASX share price performance.

Figure 1: TriAusMin Limited – Historical ASX share price



Source: Bloomberg

As at the date of this report there has been no material change in the share price. The closing

price as at 8 April 2014 was \$0.054 per share.

Table 6: TriAusMin Limited – Historical share price and trading volume shows the trading volume of TriAusMin shares over the past 12 months.

Table 6: TriAusMin Limited – Historical share price and trading volume

| TriAusMin volume analysis | | Price | | Volume | | | |
|---|---------------|-------|--------------------|-----------------|----------------|-----------------|-------|
| Period start date | Average Price | VWAP | Total Volume | % of Free Float | Average Volume | % of Free Float | |
| Total TriAusMin shares outstanding | | | 251,389,050 | | | | |
| 1 week to 7-Mar | 1/03/2014 | 0.05 | 0.046 | 471,423 | 0.19% | 235,712 | 0.09% |
| 1 month to 7-Mar | 8/02/2014 | 0.05 | 0.045 | 692,807 | 0.28% | 86,601 | 0.03% |
| 6 months to 7-Mar | 8/09/2013 | 0.04 | 0.044 | 9,626,716 | 3.83% | 192,534 | 0.08% |
| 12 months to 7-Mar | 8/03/2013 | 0.05 | 0.049 | 16,388,791 | 6.52% | 143,989 | 0.06% |

Source: Bloomberg

During the last 12 months, the TriAusMin share price has traded between \$0.02 and \$0.07. The arithmetic average and the volume-weighted average share prices, respectively, are \$0.05 and \$0.049 over the same period.

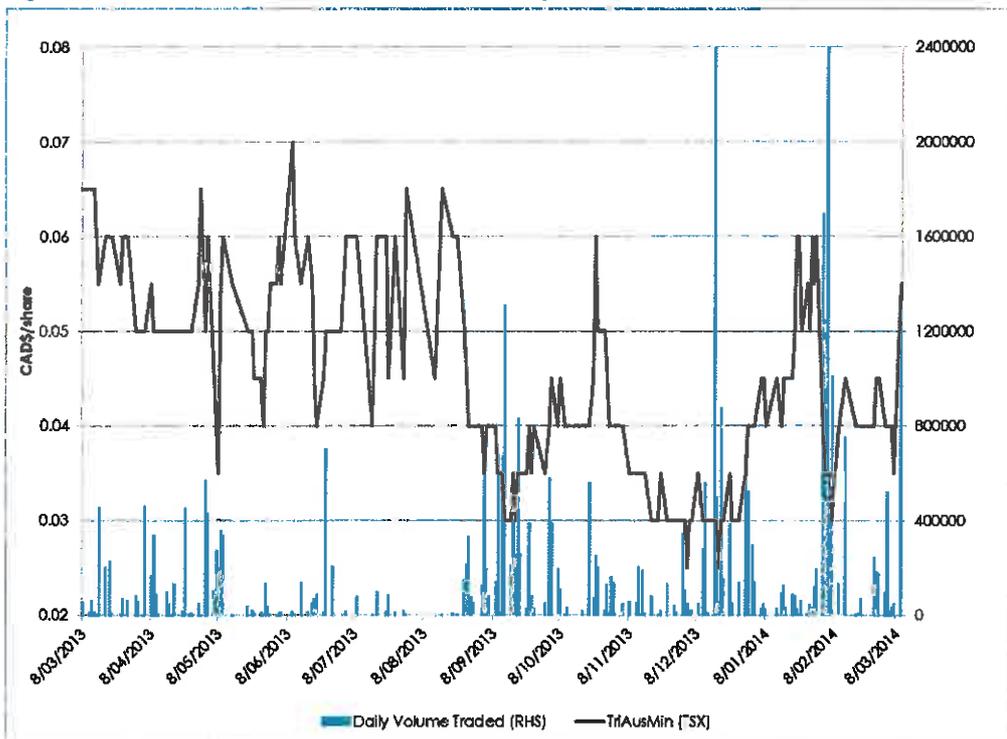
The total volume as a percentage of free float was circa 7%.

The obligations upon the company to ensure the market remains fully informed have, to the best of our knowledge, been complied with.

Share Price Performance (TSX - CAD)

Figure 2 sets out TriAusMin's share price history on the TSX between 10 March 2013 and 10 March 2014. As at 30th March 2014 the Canadian register (control account) for TriAusMin held 196,383,526 shares, comprising 78% of the total outstanding TriAusMin shares of 251,389,050.

Figure 2: TriAusMin Limited – Historical TSX share price



Source: Bloomberg

Table 7 shows the trading volume of TriAusMin shares over the past 12 months.

Table 7: TriAusMin Limited – Historical share price and trading volume (CAD)

| TriAusMin TSX volume analysis | Price | | | Volume | | | |
|--|-------------------|---------------|------|--------------------|-----------------|----------------|-----------------|
| | Period start date | Average price | VWAP | Total volume | % of free float | Average volume | % of free float |
| Total TriAusMin shares on issue | | | | 251,389,050 | | | |
| 1 week to 7-Mar | 1/03/2014 | 0.04 | 0.04 | 712,130 | 0.28% | 142,426 | 0.06% |
| 1 month to 7-Mar | 8/02/2014 | 0.04 | 0.04 | 2,278,329 | 0.91% | 175,256 | 0.07% |
| 6 months to 7-Mar | 8/09/2013 | 0.04 | 0.04 | 49,095,225 | 19.53% | 486,091 | 0.19% |
| 12 months to 7-Mar | 8/03/2013 | 0.05 | 0.04 | 58,462,004 | 23.26% | 319,465 | 0.13% |

Source: Bloomberg

During the last 12 months, the TriAusMin TSX share price has traded between CAD\$0.020 and CAD\$0.07. The arithmetic average and the volume-weighted average share prices, respectively, are CAD\$0.05 and CAD\$0.04 over the same period.

The total volume as a percentage of free float was circa 23%.

Profile of Heron Resources Limited

History and Overview

Heron Resources Limited is an exploration and mineral development company, with interests in a range of commodities including nickel, gold, and base metals.

Heron listed on the ASX on 8 August 1996 raising \$8 million. Heron's initial exploration focused on gold targets at Yarrri and Gindalbie. In 1998 Heron made large high-grade nickel laterite discoveries at Goongarrie South,

Heron's principal development project is the 100% owned Kalgoorlie Nickel Project ["KNP"], which is comprised of KNP West tenements (Siberia and Highway), the KNP east (Kalpini and Bulong) tenements and the KNP Yerilla Nickel Cobalt Project (Yerilla).

The total combined mineral resource base, classified as Measured, Indicated and Inferred Mineral Resources in accordance with the JORC Code (JORC 2012), has been estimated at 795.6 million tonnes grading approximately 0.70% nickel and 0.048% cobalt. Since no portion of the resource is currently economic, Heron has not reported any Ore Reserves.

At current nickel prices, Heron's KNP is unlikely to be developed as a High Pressure Acid Leach ["HPAL"] project because it does not provide an acceptable risk adjusted rate of return for the development capital required (estimated to be in excess of \$2 billion).

There is a possibility that new technological developments in the processing of nickel laterite ores will reduce operating costs. Heron is funding research projects designed to improve the profitability of processing the KNP nickel laterite resources:

- In December 2013 Heron announced that it has entered into a binding term-sheet for a strategic partnership with the Simulus Group ["Simulus"] to co-fund the development of the Carbon Friendly Nickel Production process ["CFNP"] through staged investments. Simulus is a Perth-based metallurgical engineering firm specialising in developing innovative and cost effective solutions to complex metallurgical processes. Simulus is developing CFNP, an improved nickel production process that focuses on sulphuric acid recovery, regeneration and recycling measures to improve the operating costs and reduce the carbon emissions associated with nickel production.
- Heron has been working with Direct Nickel since 2012 to investigate the viability of

applying Direct Nickel's patented nickel extraction process to the KNP. This is an innovative process for the treatment of nickel laterite ore without the use of HPAL components.

If successful results are returned from these research activities, this will lead to a step change increase in the potential profitability of the KNP.

Financial Information

The historical financial information indicates that Heron has been primarily funded by equity injections. Its major assets are cash and investments. Approximately \$5m in capitalised exploration and evaluation expenditure is recorded as an asset on the balance sheet, but the Kalgoorlie Nickel Project, with which the exploration expenditure is associated, is currently uneconomic.

The company has incurred losses since inception. While it has sufficient cash to continue to operate at current levels for a few years, to survive in the long term, Heron either has to find a way to make the Kalgoorlie Nickel Project economic, or buy into prospective projects that will provide a good return on investment.

Historical Financial Performance

The financial performance for Heron during the period 2010 to 2013 and for the half-year to 31 December 2013 is summarised in Table 8.

The following key points should be noted in respect of the financial performance set out below:

- Exploration and evaluation costs are expensed.
- Revenue relates primarily to interest paid on cash.
- Director and employee expenses have reduced over time.
- Equity settled share based payments are the highest expense. These are the fair value of options issued and expensed over the vesting period as part of the employee share option plan.

Table 8: Heron Resources Limited – Audited Statement of Financial Performance

| Heron Resources Limited | 30 June | 30 June | 30 June | 30 June | 31 December |
|---|----------------|-----------------|----------------|-----------------|----------------|
| Income Statement for Financial Year Ended | 2010 | 2011 | 2012 | 2013 | 2013 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue from Continuing Activities | 34,825 | 3,617 | 2,082 | 1,869 | 754 |
| Accountancy fees | (12) | (29) | (4) | (4) | (15) |
| Audit | (36) | (42) | (45) | (43) | - |
| Consultants | (624) | (543) | (646) | (339) | (99) |
| Depreciation expense | (424) | (400) | (177) | (110) | (32) |
| Directors fees | (242) | (242) | (244) | (202) | (86) |
| Employee benefits expense | (732) | (1,256) | (414) | (571) | (149) |
| Insurance | (77) | (91) | (53) | (61) | (29) |
| Legal | (563) | (295) | (121) | (457) | (26) |
| Equity settled share based payments | (2,603) | (1,488) | (2,057) | (1,322) | (510) |
| Other expenses from ordinary activities | (1,430) | (955) | (708) | (726) | (324) |
| Exploration expense as incurred | - | - | (2,079) | (2,971) | (2,044) |
| Exploration expenditure written off | (2,832) | (1,336) | (910) | (108) | - |
| Exploration and evaluation impairment | (32,700) | (9,313) | - | (1,600) | - |
| Property plant and equipment Impairment | - | (150) | - | - | - |
| Investment impairment | - | (1,765) | (397) | (3,450) | - |
| Profit (Loss) from Ordinary Activities before tax | (7,450) | (14,288) | (5,773) | (10,095) | (2,560) |
| Income tax expense | - | - | - | - | - |
| Profit (Loss) from Ordinary Activities after tax | (7,450) | (14,288) | (5,773) | (10,095) | (2,560) |
| Net Profit (Loss) attributable to members of the parent entity | (7,450) | (14,288) | (5,773) | (10,095) | (2,560) |
| Other comprehensive income | - | - | - | - | - |
| Available for sale financial assets | 8 | (37) | 417 | (388) | - |
| Changes in market value of financial assets | - | - | - | - | 149 |
| Total comprehensive income | (7,442) | (14,325) | (5,356) | (10,483) | (2,411) |

Note: The income to 31 December 2013 is for the half year

Forecasts of Financial Performance

No profit forecasts are available for Heron.

Financial Position

The financial position of Heron as at 28 February 2014, 31 December 2013 and for previous financial years are summarised in Table 9.

We have been advised by Heron that there has been no material change to the financial position of Heron since the financial statements provided in February 2014.

The following key points should be noted in respect of the financial position of Heron set out below:

- Cash from contributed equity has been used to fund exploration operations. Cash balances have been decreasing over the past four years.
- Heron's major assets are cash and investments.
- Approximately \$5 million in capitalised exploration and evaluation expenditure is recorded as an asset on the balance sheet, but the Kalgoorlie Nickel Project, with which the exploration expenditure is associated, is currently uneconomic.

Table 9: Heron Resources Limited – Audited Statement of Financial Position

| Heron Resources Limited Balance Sheet (AUD000s) | 30 June 2010 | 30 June 2011 | 30 June 2012 | 30 June 31 December 2013 | 31 December 2013 | 31 March 2014 |
|--|-----------------|-----------------|-----------------|-----------------------------|---------------------|------------------|
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents* | 56,663 | 46,973 | 43,171 | 39,597 | 37,534 | 33,648 |
| Trade and other receivables | 824 | 402 | 491 | 371 | 350 | 353 |
| Investments | | | 355 | 61 | 79 | 77 |
| Convertible Note | | | | | | 1,300 |
| Held for sale assets | | 6,210 | | | | |
| TOTAL CURRENT ASSETS | 57,487 | 53,585 | 44,017 | 40,029 | 37,963 | 35,378 |
| NON-CURRENT ASSETS | | | | | | |
| Trade and other receivables | 35 | 35 | 35 | 35 | 35 | 35 |
| Investments | 684 | 1,744 | 6,943 | 3,275 | 3,406 | 5,024 |
| Property plant and equipment | 3,410 | 393 | 199 | 97 | 81 | 69 |
| Exploration and evaluation costs carried forward | 19,723 | 11,483 | 6,716 | 5,070 | 5,070 | 5,070 |
| TOTAL NON-CURRENT ASSETS | 23,852 | 13,655 | 13,893 | 8,477 | 8,592 | 10,198 |
| TOTAL ASSETS | 81,339 | 67,240 | 57,910 | 48,506 | 46,555 | 45,576 |
| CURRENT LIABILITIES | | | | | | |
| Trade and other payables | 1,838 | 811 | 645 | 347 | 239 | 284 |
| Provisions - employee entitlements | 554 | 319 | 402 | 457 | 515 | 532 |
| TOTAL CURRENT LIABILITIES | 2,392 | 1,130 | 1,047 | 804 | 754 | 816 |
| TOTAL LIABILITIES | 2,392 | 1,130 | 1,047 | 804 | 754 | 816 |
| NET ASSETS | 78,947 | 66,110 | 56,863 | 47,702 | 45,801 | 44,760 |

Cash flows

The cash flows for the half year ended 31 December 2013, the year ended 30 June 2013 and for previous financial years are summarised in Table 10.

The following key points should be noted in respect of the cash flows set out below:

- Primary cash inflows relate to interest received on cash balances.
- Primary cash outflows relate to payments to suppliers and exploration expenditure.

Table 10: Heron Resources Limited – Audited Statement of Cash flows

| Heron Resources Limited Cash Flow Statement for Financial Year Ended | 30 June 2010 | 30 June 2011 | 30 June 2012 | 30 June 2013 | 31 December 2013 |
|---|-----------------|-----------------|-----------------|-----------------|---------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Interest received | 1,556 | 2,958 | 2,445 | 1,796 | 793 |
| Payment to suppliers | (3,763) | (3,064) | (2,453) | (2,342) | (725) |
| NET CASH USED IN OPERATING ACTIVITIES | (2,207) | (106) | (8) | (546) | 68 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Exploration expenditure | (8,647) | (7,819) | (4,112) | (3,168) | (2,119) |
| Development expenditure | (2,367) | (1,475) | - | - | - |
| Purchase and sale of shares | 39,398 | (345) | 312 | 146 | - |
| Acquisition of plant and equipment | (1,789) | (386) | (12) | (10) | (15) |
| Proceeds from sale of plant and equipment | 8 | 441 | 18 | 4 | 3 |
| NET CASH (USED IN) / FROM INVESTING ACTIVITIES | 26,603 | (9,584) | (3,794) | (3,028) | (2,131) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| Loans to controlled entities | - | - | - | - | - |
| Proceeds from issue of shares | 2,710 | - | - | - | - |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 2,710 | 0 | 0 | 0 | 0 |
| NET (DECREASE) / INCREASE IN CASH HELD | 27,106 | (9,690) | (3,802) | (3,574) | (2,063) |
| Cash at the beginning of reporting period | 29,557 | 56,663 | 46,973 | 43,171 | 39,597 |
| CASH AT THE END OF THE REPORTING PERIOD | 56,663 | 46,973 | 43,171 | 39,597 | 37,534 |

Note: The cash flow to 31 December 2013 is for the half year

Capital Structure

The total number of ordinary shares on issue at 10 March 2014 was 252,985,787.

Options

The balance of share options that have been granted to directors and employees of Heron as reported in the 2013 Annual Report at 30 June 2013 is provided in Table 11.

Unexercised options currently on issue are likely to expire unexercised as the exercise prices are materially in excess of the current share price. Consequently, our analysis of the merger benefits has been undertaken on an undiluted basis.

Table 11: Heron Resources Limited – Share Options

| Grant Date | Expiry Date | Exercise Price | Number of Options outstanding |
|------------------|------------------|----------------|-------------------------------|
| 29 November 2006 | 7 September 2016 | \$0.6864 | 5,000,000 |
| 5 June 2007 | 5 June 2014 | \$2.50 | 4,500,000 |
| 25 June 2009 | 25 June 2014 | \$0.425 | 2,600,000 |
| 9 June 2009 | 9 June 2014 | \$0.30 | 4,818,776 |
| 19 November 2011 | 23 June 2014 | \$0.22 | 4,750,000 |
| 19 November 2011 | 23 June 2015 | \$0.27 | 2,750,000 |
| 19 November 2011 | 23 June 2016 | \$0.31 | 2,750,000 |
| 5 October 2012 | 16 January 2015 | \$0.22 | 333,333 |
| 5 October 2012 | 16 January 2016 | \$0.27 | 333,333 |
| 5 October 2012 | 16 January 2017 | \$0.31 | 333,334 |
| 3 April 2013 | 5 March 2016 | \$0.22 | 1,000,000 |
| 3 April 2013 | 5 March 2017 | \$0.27 | 1,000,000 |
| 3 April 2013 | 5 March 2018 | \$0.31 | 1,000,000 |
| | | | 31,168,776 |

Source: Heron Resources

Major Shareholders

As at 31 December 2013, Related Parties and Substantial shareholdings which have notified the Company are listed in Table 12.

Table 12: Heron Resources Limited – Shareholdings of related parties

| Heron substantial shareholders inc. related parties as at Dec -13 | | |
|---|------------|--------|
| | No. shares | % |
| Buchhorn and related parties | 45,436,240 | 18.05% |
| BHP Minerals Holdings Pty Ltd | 37,576,111 | 14.85% |
| Vale Inco Ltd | 32,440,651 | 12.82% |
| MBM Corporation Pty and Chaos Investments | 23,189,834 | 9.17% |

Heron Directors had a relevant interest in the following securities on issue in Heron as at 31 December 2013 as set out in Table 13.

Table 13: Heron – Directors and key management relevant interests

| Name: | Ordinary shares | | Options | |
|--------------|-----------------|------------|-----------|-----------|
| | Direct | Indirect | Direct | Indirect |
| | CL Redhead | - | 844,709 | - |
| I J Buchhorn | 2,518,241 | 42,967,999 | 3,000,000 | 8,000,000 |
| S B Dennis | - | 450,000 | 750,000 | - |
| D von Perger | 131,692 | 80,000 | 3,500,000 | 500,000 |
| B P Horan | - | - | 2,100,000 | - |
| C Kempson | - | 300,000 | - | 3,000,000 |

Table 14 sets out the top twenty shareholders in Heron as at 28 February 2014.

Table 14: Heron Resources Limited – Top 20 shareholders

| Heron top 20 shareholders | | | |
|---------------------------|--------------------------------|-------------------------|-----------------|
| Rank | Holder name | Balance as at 28-Feb-14 | % of free float |
| 1 | Kurana Pty Ltd | 34,162,763 | 13.50% |
| 2 | BHP Minerals Holdings Pty Ltd | 32,937,960 | 13.02% |
| 3 | Vale Inco Ltd3 | 32,440,651 | 12.82% |
| 4 | Citicorp Nominees Pty Ltd | 12,840,514 | 5.08% |
| 5 | MBM Corporation Pty Ltd2 | 9,600,000 | 3.79% |
| 6 | Chaos Investments Pty Ltd2 | 5,952,308 | 2.35% |
| 7 | Hazurn Pty Ltd | 5,046,273 | 1.99% |
| 8 | Fremont Cat Pty Ltd | 4,205,476 | 1.66% |
| 9 | Wardle David James | 4,070,000 | 1.61% |
| 10 | Sheerwater Pty Ltd | 2,671,500 | 1.06% |
| 11 | Buchhorn, Ian James | 2,518,241 | 1.00% |
| 12 | BHP Minerals Holdings Pty Ltd4 | 2,489,166 | 0.98% |
| 13 | Oliver, Dupuy | 2,438,151 | 0.96% |
| 14 | Kimlex Investments Pty Ltd | 2,200,000 | 0.87% |
| 15 | BHP Minerals Holdings Pty Ltd | 2,150,000 | 0.85% |
| 16 | Buchhorn, Pamela Jean | 2,137,690 | 0.84% |
| 17 | BGK Investments Pty Ltd | 2,000,000 | 0.79% |
| 18 | Manorina Mining Pt Ltd | 1,825,992 | 0.72% |
| 19 | Tierre De Suenos SA | 1,802,000 | 0.71% |
| 20 | VW Village Investments Pty Lt | 1,709,500 | 0.68% |
| Total | | 165,198,185 | 65.30% |
| Total free float | | 252,985,787 | |

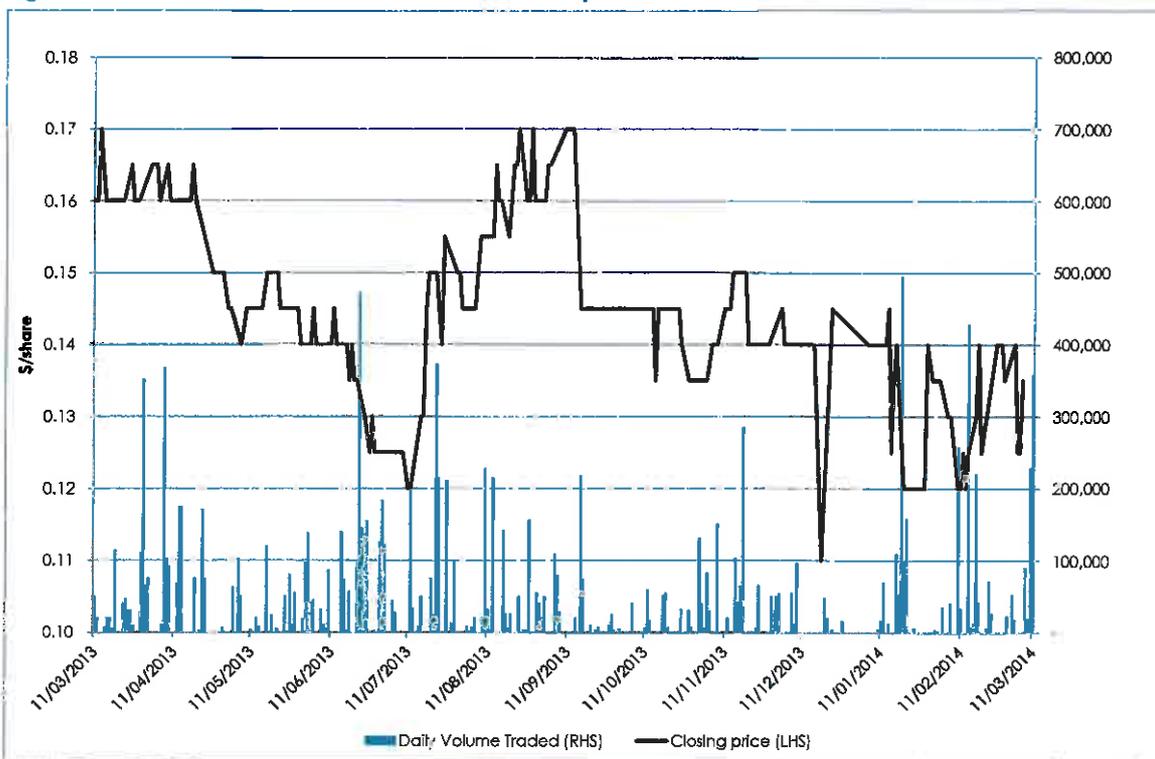
Dividends and Capital Management

Heron has not paid any dividends to date.

Share Price Performance

Figure 3 sets out Heron's share price history between 10 March 2013 and 10 March 2014.

Figure 3: Heron Resources Limited – Historical share price



Source: Bloomberg

Table 15 shows the trading volume of Heron shares from 10 March 2013 to 10 March 2014.

Table 15: Heron Resources Limited – Historical share price and trading volume

| Heron volume analysis | Price | | | Volume | | | |
|---------------------------------------|-------------------|---------------|-------|--------------------|-----------------|----------------|-----------------|
| | Period start date | Average price | VWAP | Total volume | % of free float | Average volume | % of free float |
| Total Heron shares outstanding | | | | 252,985,787 | | | |
| 1 week to 7-Mar | 1/03/2014 | 0.13 | 0.134 | 695,539 | 0.27% | 173,885 | 0.07% |
| 1 month to 7-Mar | 8/02/2014 | 0.13 | 0.131 | 1,603,477 | 0.63% | 106,898 | 0.04% |
| 6 months to 7-Mar | 8/09/2013 | 0.14 | 0.138 | 5,144,646 | 2.03% | 67,693 | 0.03% |
| 12 months to 7-Mar | 8/03/2013 | 0.14 | 0.145 | 12,876,539 | 5.09% | 73,162 | 0.03% |

Source: Bloomberg

During the last 12 months, the Heron share price has traded between \$0.11 and \$0.17. The arithmetic average and the volume-weighted average share prices, respectively, are \$0.14 and \$0.145 over the same period. The total volume traded as a percentage of free float over 12 months was circa 5%.

The obligations upon the company to ensure the market remains fully informed have, to the best of our knowledge, been complied with.

Industry Analysis

TriAusMin and the merged entity will focus on the Woodlawn projects (WRP and WUP), which primarily contain reserves of copper, zinc and lead. Therefore this section examines the demand, supply and pricing of these commodities, as well as the outlook for junior explorers.

Copper

Copper is used in the manufacturing of most components related to infrastructure development including electrical cabling (due to its electrical conductivity), piping and valving and also in industrial equipment including heat exchangers and pressure vessels as it is also a highly efficient at transferring heat. Given its many various applications, copper demand is expected to increase².

Copper Supply

Global supply and demand for copper determines the copper spot price in US dollars. Due to uncertain forecasts available around the trajectory of the USD over the coming years as well as the relative performance of the AUD, revenues for copper producers are expected to be volatile³.

Firm growth is anticipated over the medium-term driven by growth in OECD economies including India and China. Demand is also anticipated to be driven by significant reconstruction activities in areas decimated by the 2011 tsunami in eastern Japan. Given that copper is extensively used throughout electricity transmission infrastructure, Chinese government projects to expand the electricity grid will also be a major contributor to demand⁴.

Zinc and lead

Zinc, lead and silver typically occur together in mineral deposits, with copper and gold also sometimes being present. The global zinc price can be observed on the London Metals Exchange and is a function of global supply and demand as well as speculative influences.

According to analysis undertaken by Glencore-Xstrata, the world's largest miner of both zinc and lead and largest trader of both commodities, global zinc demand has been rising at 5% per year which has been driven by improvements in key consuming sectors and regions, in particular the automotive and construction industries⁵.

Demand for zinc is primarily driven by galvanising activities, which accounts for approximately 50% of zinc consumption. Demand for galvanised products is driven by construction sectors and to a lesser extent, whitegoods manufacturing. China consumes approximately 36% of global zinc supply and as such, is intrinsic to the performance and health of the industry.

Demand from United States markets for zinc is expected to be driven for the most part by residential and commercial building construction. An increase in new home starts which, while still well below pre-Global Financial Crisis ["GFC"] levels, are up from around 450,000 in January 2009 to over 700,000 by 2013 as shown in Figure 4.

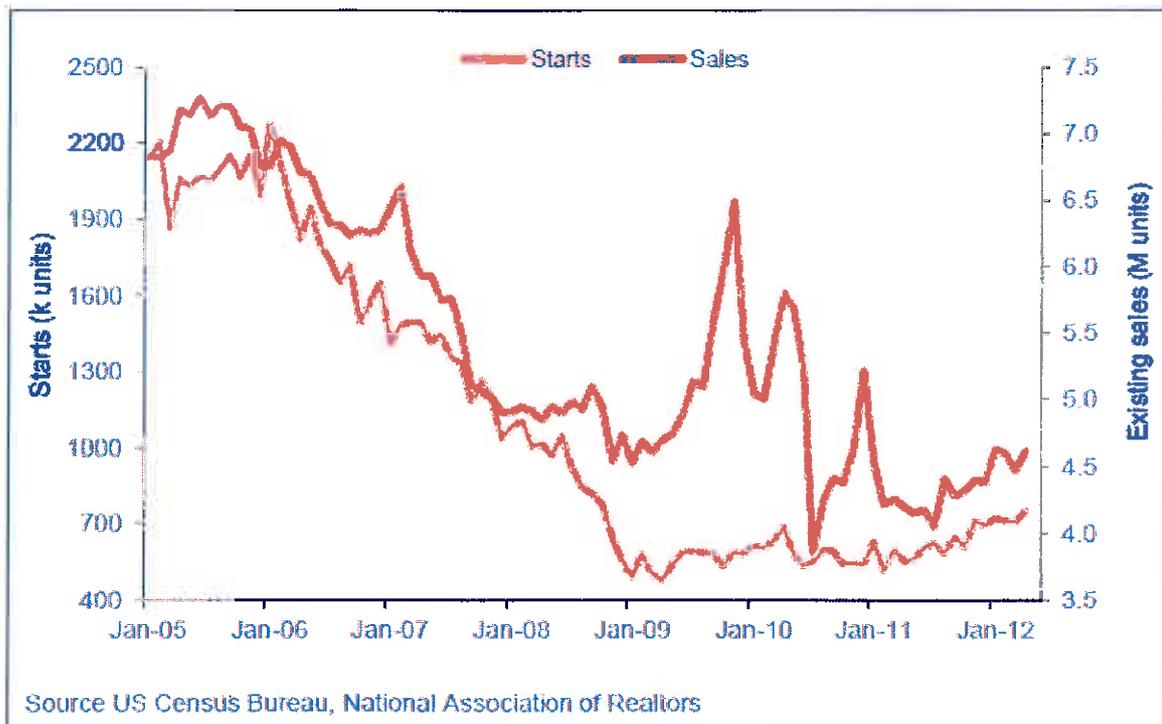
² Page 4, Copper Ore Mining in Australia industry report, IBISWorld 2014

³ Page 6, Ibid

⁴ Page 7, Ibid

⁵ Page 22, Glencore-Xstrata Investor Day presentation, 10-Sep-13
Page 22

Figure 4: United States housing starts and existing home sales



Source: Wood Mackenzie

The increase in construction spending for commercial buildings adds to the promising outlook for growth in the United States. Figure 5 shows a steady increase in construction spending since the start of 2011⁶. The American Institute of Architects ["AIA"] Index is a measure of activity amongst commercial architects developed from monthly surveys undertaken by the AIA. The index shows that since the end of the GFC, firms are reporting increases in billable activity is increasing and is expected to increase.

Demand for zinc from China has strengthened over the last 12 months following a manufacturing lull in early – mid 2013. The key industries driving this demand are primarily the white goods manufacturing industry, where production has grown 10% over 12 months with washing machines and refrigerators production growing by 7% and 9% respectively⁷.

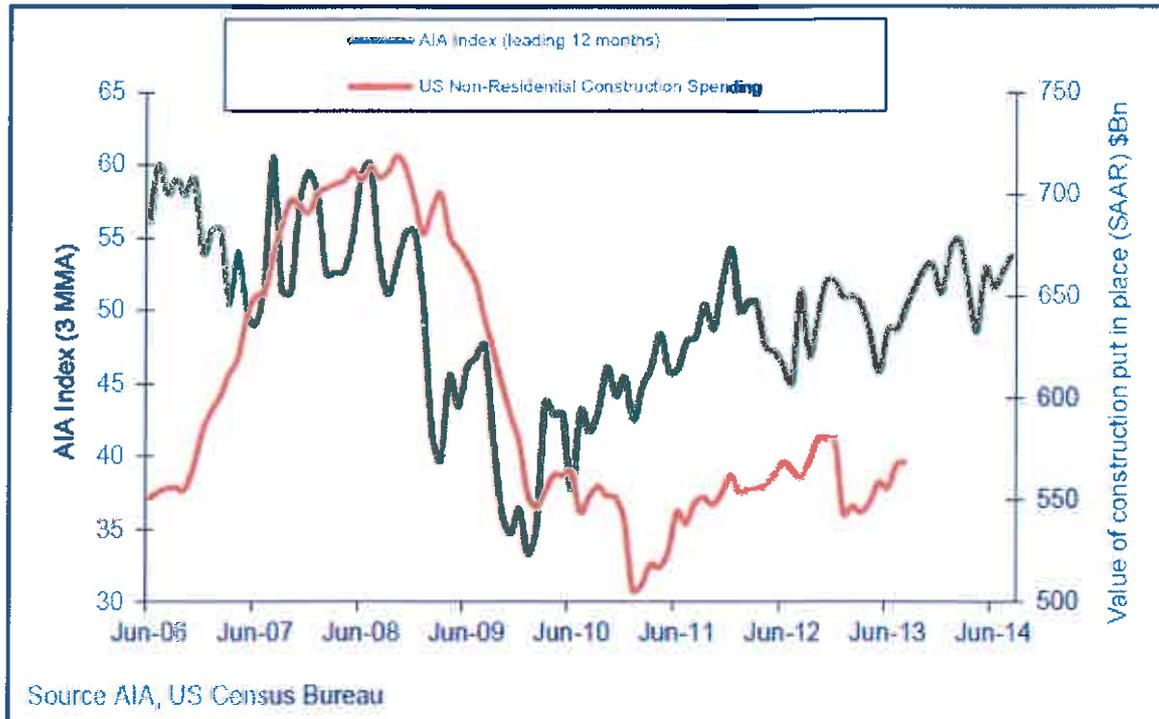
There has also been a massive jump in new car production up 16% and 19.7% for new car and SUV sales. This has also contributed to the 10% production increase in tyre manufacturing over the past 12 months. On the back of this impressive growth, total zinc consumption is forecast to grow to around 14.8 Mt by 2015 as shown in Figure 6⁸.

⁶ Ibid

⁷ Page 7, *ibid*

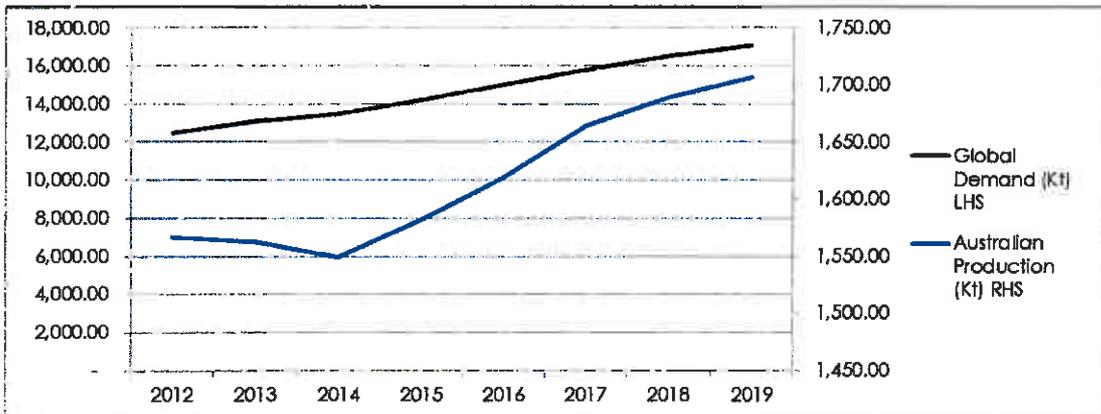
⁸ Page 8, *ibid*

Figure 5: United States non-residential starts and AIA activity index 3 month moving average



Source: Wood Mackenzie

Figure 6: Global zinc demand forecast and Australian forecast zinc production



Source: IBISWorld, Glencore-Xstrata forecast zinc market demand

Trends in zinc, lead and silver prices, levels of mine output and movements in the value of the Australian dollar will continue to play a key role in determining the performance of the industry in Australia. Downstream demand from metal ore smelting and refining companies will also influence industry demand and growth.

Exploration company trends

Chinese demand has spurred investment in the junior mining space in Australia since the beginning of the mining boom in 2005. This demand sheltered junior miners from capital

investment shortages vital to progressing to production and operational phases during and in the wake of the GFC¹⁰.

The industry is transitioning from a period of capital investment into an operational phase. As such, the number of development stage projects in the pipeline is decreasing as major projects come online and meet demand of end-buyers¹¹.

Mineral exploration projects are being affected by weaker capital investment and actual investment is expected to peak in 2014-2015¹².

The junior space is centred on companies regularly raising capital to fund exploration projects and tenement development which is often achieved via the issuing of ordinary shares or options¹³. As investor sentiment towards the space softens, the availability of capital decreases, alternative methods to fund projects must be obtained including strategic joint ventures, acquisitions or tenement sale and leaseback arrangements.

Capital restraints are likely to lead to a reduction in the number of marginal exploration projects¹⁴.

Despite the implications of a shift from exploration to production and the subsequent capital restraints that will be felt amongst junior miners and exploration companies, a combination of a depreciating Australian dollar ["AUD"] against the United States dollar ["USD"] combined with the high quality mineral content exhibited in Australian resources is anticipated to maintain Australia's competitiveness over the next 5 years¹⁵.

¹⁰ The breakdown of the Australian junior mining markets – Reasons, Implications and Alternatives, Bert Koth, miningaustralia.com.au

¹¹ Page 7, IBISworld Mining in Australia industry report

¹² Page 7, IBISworld Mining in Australia industry report

¹³ The breakdown of the Australian junior mining markets – Reasons, Implications and Alternatives, Bert Koth, miningaustralia.com.au

¹⁴ Ibid

¹⁵ Page 7, *ibid*

Approach

Valuation Methodology

Overview

In determining whether the Scheme is in the best interests of Shareholders we have:

- determined whether the value to TriAusMin shareholders is fair. In other words, we have considered whether the value to TriAusMin shareholders post the Proposed Transaction is likely to be equal to or greater than the value to TriAusMin shareholders before the Proposed Transaction;
- considered the position of TriAusMin shareholders should the Proposed Transaction not proceed;
- considered whether there is a better alternative to TriAusMin shareholders than the Proposed Transaction; and
- considered other factors which we consider to be relevant to the TriAusMin shareholders in their assessment of the Proposed Transaction.

Our method for determining whether the Proposed Transaction is fair is as follows:

- Determine the value to TriAusMin shareholders prior to the Proposed Transaction;
- Determine the value of to TriAusMin shareholders post the Proposed Transaction; and
- If the value to TriAusMin shareholders post-merger is greater than the value pre-merger, the offer is fair.

We have used two approaches for assessing the values to TriAusMin shareholders before and after the Proposed Transaction. These are:

- Determine the market capitalisation of each entity (Market Capitalisation Valuation Approach); and
- Determine the value of the WRP using discounted cash flows and adding surplus assets and liabilities. (Asset Valuation Approach).

We have used the market capitalisation approach as the primary valuation methodology because it provides direct transaction-based evidence of fair market value, if the market is sufficiently liquid. In using the approach we have taken into consideration the depth of the market for the securities; the volatility of the market price; and whether or not the market value is likely to represent the value if the takeover bid is successful.

Set out in Appendix 4 is a summary description of the valuation methodologies we have considered.

Key Assumptions

We have made the following key assumptions in reaching our conclusions:

- Key mining lease SML 20 is transferred to TriAusMin.
- The merged entity is able to obtain the additional capital required to successfully execute the entire WRP project.
- The total number of shares TriAusMin shareholders will hold in the merged entity is shown in the calculation in Table 16.

Table 16: Calculation of number of merged entity shares

| | |
|--|--------|
| Number of TriAusMin shares (m) | 251.39 |
| Conversion ratio | 2.33 |
| Number of Converted TriAusMin shares (m) | 107.89 |
| Number of existing Heron shares (m) | 252.96 |
| Total number of merged entity shares | 360.85 |

Source: VAA Analysis

Market Capitalisation Valuation Approach

A market-based estimate of value based on the listed share price is an appropriate method to use because it provides direct transaction-based evidence of fair market value.

TriAusMin Share Price Value

Table 18 below shows the movement in the TriAusMin share price over the past 12 months on the ASX and TSX respectively. On the ASX TriAusMin's share price has trended downwards from \$0.07 in March 2013 to \$0.03 in December 2013. There was a period of volatility where the share price increased to \$0.06 in January 2014 before falling to \$0.045 in March 2014. After the announcement of the proposed merger on 10 March 2014, the TriAusMin share price increased to \$0.06 by 19 March 2014.

We have calculated the volume weighted average price ("VWAP") of TriAusMin's shares over various periods prior to the date that the proposed merger was announced (10 March 2014). This is presented in Table 17.

Table 17: Volume Weighted Average Price of TriAusMin Shares

| Period prior to 7 March 2014 | TriAusMin VWAP (\$/Share) | TriAusMin (TSX) VWAP (CAD\$/Share) |
|------------------------------|---------------------------|------------------------------------|
| 1 week | 0.046 | 0.039 |
| 1 month | 0.045 | 0.040 |
| 6 months | 0.044 | 0.038 |
| 12 months | 0.049 | 0.044 |

Source: Bloomberg, VAA analysis

Although there has been some volatility in the TriAusMin share price over the past 12 months, the VWAP of TriAusMin shares has been relatively consistent over the various periods in Table 17.

There have been no indications that the company has been discounted due to potential financial distress over this period, as prices have not changed significantly. TriAusMin is in a similar position to most explorers, and cash injections for explorers are often successfully achieved if the expected returns from the exploration assets are positive.

We have also considered liquidity. Total shares traded on both the TSX and ASX over the last 12 months for TriAusMin was 29.72% of free float (6.52% on the ASX and 23.2% on the TSX) (see Tables 6 and 7). This indicates reasonable share price liquidity levels.

For the purpose of our valuation, we have adopted a VWAP for TriAusMin of \$0.045 per share. We have used a VWAP rather than a spot price to limit the effects of unexplained share price

volatility. A VWAP is likely to provide a better representation of market value than the price on a particular date. We have used a VWAP based on the ASX observed price as the VWAPs calculated from the TSX makes no material difference to the assessment. The exchange rate (at CAD1:AUD1.00525) does not materially change the outcome. Canadian investors are therefore at least as likely as Australian investors to get a higher value post transaction than the current share price as their converted Heron shares might reasonably be expected to have a higher implied range.

Based on a (minority, traded) share price of \$0.045 and with 251,389,050 shares on issue, the implied value of 100% of the equity capital of TriAusMin is \$11.3m.

RG111 requires the fair value to be considered assuming 100% ownership of the asset. Listed shares trade on a minority basis. A premium to the observed market price is often paid for a controlling interest in a company. Research indicates that the range for control premia is very wide; from negative to over 100%. We have used a control premium of 20% based on resources sector-specific research:

- Dr Victor Rudenno, in the Mining Valuation Handbook, estimated that the control premia in the resources sector range between 15% and 30%, with an average of 20% (Rudenno, Mining Valuation Handbook, 2nd Edition, 2007, page 219)
- Mergerstat market data on metal mining transactions in 2011 and 2012. When only companies that were predominantly junior explorers were included, the median market premium was circa 17%. If all metal mining transactions in the data set were included, the median rose to circa 27%. The range of all metal transactions was - 53.9% to 203%. The data is provided in Appendix 5.

The fair value range of 100% of the ordinary equity capital of TriAusMin based on the VWAP is \$13.6m, including a 20% control premium.

In undertaking this valuation, we have not assigned any value to the TriAusMin options as these were out of the money as at the 9th March 2014.

Heron Share Price Value

Figure 3 shows the movement in the Heron share price over the past 12 months. Heron's share price declined from \$0.17 in March 2013 to \$0.12 in July 2013 before recovering to \$0.17 by the end of August 2014. The share price then fell again and has traded in the range from \$0.12 to \$0.14 since mid-December 2013.

We have calculated the VWAP of Heron's shares over various periods prior to the date that the proposed merger was announced (10 March 2014). This is presented in Table 18.

Table 18: Volume Weighted Average Price of Heron Shares

| Period prior to 7 March 2014 | Heron VWAP (\$/Share) |
|------------------------------|-----------------------|
| 1 week | 0.134 |
| 1 month | 0.131 |
| 6 months | 0.138 |
| 12 months | 0.145 |

Source: Bloomberg, VAA analysis

Although the Heron share price has traded in the range from \$0.12 to \$0.17, the VWAP of Heron's shares has been relatively consistent over the various periods in Table 18.

For the purpose of our valuation, we have adopted a VWAP for Heron of \$0.135 per share.

Based on a (minority, traded) share price of \$0.135 and with 252,985,787 shares on issue, the value of 100% of the ordinary equity capital of Heron is \$34.1m. The fair value range of 100% of the ordinary equity capital of Heron based on the VWAP is \$41m, including a 20% control premium.

Merged Entity Share Price Value

Based on valuations using the respective VWAPs for TriAusMin and Heron (without inclusion of any control premium), the value of the merged entity is likely to be \$45.5m (= \$11.3m + \$34.1m).

The total number of shares in the merged entity is likely to be 360,878,083 (= 252,985,878 + 251,389,050 / 2.33).

In the absence of any change to the prospects of the companies or the market's view of the likely future cash flows, the resulting implied share price of the merged entity might reasonably be expected to be around \$0.126.

Asset Valuation Approach

The scheme booklet states that the key benefit of the Scheme is that the merged entity will have sufficient cash to either commence the development of the Woodlawn Retreatment Project ["WRP"] subject to the ability to raise the remaining development capital or undertake a bankable feasibility study ["BFS"] on the Woodlawn Underground Project ["WUP"].

There are reasonable levels of certainty related to WRP as a result of an NI 43-101 report and a comprehensive forecast cash flow model.

The economics of the WUP and the other projects under consideration by TriAusMin are however uncertain at this stage and it is unclear whether any of the projects are likely to be NPV positive. The share price of TRO appears to have little or no value ascribed to these projects.

It is possible that TriAusMin's WUP, Calarie, Lewis Ponds, Overflow and Herons' Kalgoorlie Nickel Project and other exploration projects may have economic value in future. In particular, given the recent price increases in nickel, the Kalgoorlie Nickel project may start to be economic.

However, at this stage there are no indications the projects are economic. We are able to estimate revenues at a high level from the indicated and inferred resources, but there is no indication as yet of the cost of extracting those resources. If costs and capex are more than the revenue, then projects will be uneconomic. There is a good chance that the projects could cost more to implement than they earn.

This is certainly the view of the market. Currently early stage projects such as WUP are not marketable; there is no indication of any mergers and acquisition activity relating to these projects in the market and neither Heron nor TriAusMin's share price reflects any value for their early stage projects.

TriAusMin and Heron have held their interests in these projects for considerable periods of time. There is no evidence that they have been able to extract any value from these projects to date.

Our view on these projects is that there should be no value ascribed to these projects until

more is known about whether they will cost money to implement or earn positive returns. Consequently, no value has been ascribed to the WUP, Calarie, Lewis Ponds or Overflow projects.

No value has been assigned to Heron projects either as there is no indication that these are economic.

To estimate the value to TriAusMin shareholders based on asset value we have therefore used a discounted cash flow value for the WRP project. We have then added surplus assets (predominantly cash and investments) and deducted liabilities to obtain a value for TriAusMin shareholders. In the absence of any economic reserves, no value has been assigned to the other projects held by the merged entity.

Discounted Cash flow

We have used the Discounted Cash flow method to estimate a value for WRP because the cash flows associated with this project are able to be estimated with a reasonable degree of certainty.

A cash flow forecast model for WRP prepared by management has been employed as the principal basis for the DCF valuation. VAA has updated the cash flow forecast for commodity price forecasts as at March 2014 but has made no other change to the cash flow model. VAA did not undertake a due diligence or detailed model review. Nonetheless no material assumptions or calculations appear unreasonable. VAA applied a valuation overlay and applied its own estimated discount rates to the cash flow forecast model prepared by management. More detail on the DCF valuation is contained in Appendix 3. No cash flow model is available for WUP.

TriAusMin Asset Value

The asset value range for TriAusMin prior to the merger is shown in Table 19. The low, expected and high scenarios reflect different discounted cash flow values for WRP. No value has been assigned to WUP for the following reasons:

- While it is possible that WUP may generate significant value, this is not yet certain.
- It is also possible that undertaking a BFS on the potential development of WUP may cost money and yield no benefit.
- The market value for TriAusMin based on the share price does not appear to include any value over and above the WRP project.

The only material asset outside of WRP is cash. Other net assets may or may not be considered surplus to the ongoing operations of the company and its principal asset, but are not material and are therefore included.

Table 19 TriAusMin Pro Forma Asset Value

| TriAusMin Limited AUDm | Low | Expected | High |
|--------------------------------------|--------------|--------------|--------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 1.6 | 1.6 | 1.6 |
| Trade and other receivables | 0.0 | 0.0 | 0.0 |
| Other assets | 0.0 | 0.0 | 0.0 |
| TOTAL CURRENT ASSETS | 1.6 | 1.6 | 1.6 |
| NON-CURRENT ASSETS | | | |
| Property plant and equipment | 0.2 | 0.2 | 0.2 |
| W RP | 7.2 | 12.8 | 19.0 |
| WUP, Catarie and Lewis Ponds | 0.0 | 0.0 | 0.0 |
| TOTAL NON-CURRENT ASSETS | 7.4 | 13.0 | 19.2 |
| TOTAL ASSETS | 9.0 | 14.6 | 20.8 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 0.2 | 0.2 | 0.2 |
| Convertible note | 1.3 | 1.3 | 1.3 |
| Provisions | 0.1 | 0.1 | 0.1 |
| TOTAL CURRENT LIABILITIES | 1.5 | 1.5 | 1.5 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 0.0 | 0.0 | 0.0 |
| TOTAL NON-CURRENT LIABILITIES | 0.0 | 0.0 | 0.0 |
| TOTAL LIABILITIES | 1.6 | 1.6 | 1.6 |
| NET ASSETS | 7.4 | 13.0 | 19.2 |
| Number of Shares | 251 | 251 | 251 |
| Value per Share | 0.030 | 0.052 | 0.077 |

Heron Pro Forma Net Asset Value

The asset value range for Heron prior to the merger is shown in the table below.

No value has been assigned to the Kalgoorlie Nickel Project ["KNP"]. At 9th March the KNP was considered uneconomic. Supporting this, the market value for Heron based on the share price does not include any value over and above the value of cash and investments.

Table 20 Heron Pro Forma Asset Value

| Heron Resources Limited | |
|------------------------------------|-------------|
| AUDm | |
| CURRENT ASSETS | |
| Cash and cash equivalents* | 33.6 |
| Trade and other receivables | 0.4 |
| Investments | 0.1 |
| Convertible Notes | 1.3 |
| Held for sale assets | 0.0 |
| TOTAL CURRENT ASSETS | 35.4 |
| NON-CURRENT ASSETS | |
| Trade and other receivables | 0.0 |
| Investments | 5.0 |
| Property plant and equipment | 0.1 |
| KNP | 0.0 |
| TOTAL NON-CURRENT ASSETS | 5.1 |
| TOTAL ASSETS | 40.5 |
| CURRENT LIABILITIES | |
| Trade and other payables | 0.3 |
| Provisions - employee entitlements | 0.5 |
| TOTAL CURRENT LIABILITIES | 0.8 |
| TOTAL LIABILITIES | 0.8 |
| NET ASSETS | 39.7 |

* Cash includes \$477,000 of environmental bonds. This is not available to the Company for ordinary activities.

Merged Entity Asset Value

The pro forma asset valuation of the merged entity is shown in Table 21.

In the merged entity, the value of all assets and liabilities in the Heron and TriAusMin balance sheets are summed, except for exploration assets. These are replaced with the discounted cash flow valuation range for WRP. The convertible notes have been cancelled.

Pro-forma estimates provided by TriAusMin management of the merged entity balance sheet at March 2014 have been used.

Table 21 Merged Entity Asset Value

| Pro-Forma Balance Sheet post merger (March 2014: AUDm) | Low | Expected | High |
|--|-------------|-------------|-------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 35.3 | 35.3 | 35.3 |
| Trade and Other Receivables | 0.4 | 0.4 | 0.4 |
| TOTAL CURRENT ASSETS | 35.7 | 35.7 | 35.7 |
| NON-CURRENT ASSETS | | | |
| Trade and Other Receivables | 0.0 | 0.0 | 0.0 |
| Property plant and equipment | 0.3 | 0.3 | 0.3 |
| Investments | 5.0 | 5.0 | 5.0 |
| KNP | 0.0 | 0.0 | 0.0 |
| WRP | 7.2 | 12.8 | 19.0 |
| WUP, Calarie and Lewis Ponds | 0.0 | 0.0 | 0.0 |
| TOTAL NON-CURRENT ASSETS | 12.5 | 18.1 | 24.3 |
| TOTAL ASSETS | 48.2 | 53.8 | 60.0 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 0.5 | 0.5 | 0.5 |
| Provisions | 0.6 | 0.6 | 0.6 |
| TOTAL CURRENT LIABILITIES | 1.1 | 1.1 | 1.1 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 0.0 | 0.0 | 0.0 |
| TOTAL NON-CURRENT LIABILITIES | 0.0 | 0.0 | 0.0 |
| TOTAL LIABILITIES | 1.1 | 1.1 | 1.1 |
| NET ASSETS | 47.1 | 52.7 | 58.9 |

TriAusMin Asset Value Post the Merger

The asset value for TriAusMin shareholders post the merger is shown in Table 22. The asset value estimates the value of the merged entity on a controlling basis. According to RG 111 the value to TriAusMin shareholders post the merger must be considered on a minority basis. A 20% minority discount adjustment has been made to the post merger asset value.

Table 22 Asset Value Post Merger

| Post Proposed Transaction | 20% Minority Discount Adjustment | Controlling Basis |
|--|---|------------------------------|
| Merged Entity Value (\$m) | 43.9 | 52.7 |
| TriAusMin Shareholders Proportion of Merged Entity Value (\$m) | 13.1 | 15.8 |
| Value Per TriAusMin Share post Merger | 0.0522 | 0.063 |
| Value Per Merged Entity Share (2.33 TRO shares) | 0.1217 | 0.1461 |

Evaluation of the Proposed Transaction

Fairness Assessment

The table below sets out the fair value calculations before and after the Proposed Transaction.

Using share price to estimate fair market value:

- The minority value per TriAusMin share before the Proposed Transaction is \$0.045. RG 111 requires consideration of TriAusMin on a controlling basis. If a 20% control premium is added, the value on a controlling basis per TriAusMin share prior to the transaction is \$0.0540.
- The value of the combined entity on a minority basis is \$45.5m. The equivalent value to TriAusMin shareholders in the combined entity post the Proposed Transaction is \$0.0541 per share (or \$0.1261 per merged entity share).

Using asset values to assess fair market value:

- The value on a controlling basis per TriAusMin share prior to the transaction is \$0.0518.
- RG 111 requires assessment of value to shareholders on a minority basis after the transaction. The value to TriAusMin shareholders (after deducting a 20% minority discount) is \$0.0522 (or \$0.1217 per merged entity share) as set out below

Table 23 Fairness Assessment

| | Share Price | Asset Value |
|--|----------------------------|---|
| | | |
| Pre Proposed Transaction | 20% Control Premium | Controlling Basis |
| TriAusMin Shareholder Value Pre Merger (\$m) | 13.6 | 13.0 |
| Value per TriAusMin Share Pre Merger | 0.0540 | 0.0518 |
| | | |
| Post Proposed Transaction | No Control Premium | 20% Minority Discount Adjustment |
| Merged Entity Value (\$m) | 45.5 | 43.9 |
| TriAusMin Shareholders Proportion of Merged Entity Value (\$m) | 13.6 | 13.1 |
| Value Per TriAusMin Share post Merger | 0.0541 | 0.0522 |
| Value Per Merged Entity Share (2.33 TRO shares) | 0.1261 | 0.1217 |

The value to TriAusMin shareholders determined using an asset value approach is marginally lower than the value to shareholders using a share price approach. We consider that both approaches yield results within a reasonable range. Our primary approach is the share price approach, therefore the expected value to TriAusMin shareholders before the transaction is \$13.6m or \$0.0540 per TriAusMin share, and after the transaction it is also \$13.6m or \$0.0541 per TriAusMin share or \$0.1261 per merged entity share.

The value to TriAusMin shareholders post the Proposed Transaction is likely to be equal to or greater than the value to TriAusMin shareholders before the Proposed Transaction, therefore, in the opinion of VAA, the offer is fair.

TriAusMin option holders are able to convert their options to Heron options using the same conversion ratio as for TriAusMin shares (i.e. 2.33 TriAusMin options per Heron option), with each exercise price adjusted according to the same ratio, therefore TriAusMin option holders will benefit from the same increase in fair value as TriAusMin Shareholders.

Reasonableness assessment

In the opinion of VAA, the offer is fair. Consistent with RG111 the offer is also, therefore, reasonable. Notwithstanding, we set out below our consideration of a range of non-value related issues which, on balance, support the reasonableness assessment.

Recent share prices subsequent to the offer

TriAusMin's share price increased from \$0.047 on 7 March 2014 the last trading day prior to the Proposed Transaction announcement, to \$0.06 in two ASX trades on the 18th and 19th March 2014 respectively, and to \$0.059 in an ASX trade on the 20 March 2014.

Heron's share price also increased from \$0.145 on 7 March 2014 to \$0.16 in a trade on 19 March 2014, and \$0.155 in a trade on 20 March 2014.

This provides some evidence that the market sees value to both TriAusMin and Heron shareholders in the Proposed Transaction.

ASX listing and TSX listing

An application has been made to list Heron and the New Entity's Shares on TSX, so that, if such listing is obtained (which is subject to the approval of TSX), North American shareholders can benefit from being able to trade their Shares on a North American Market, and the Merged Entity can maintain and develop relationships with investors in those markets. There is no guarantee that TSX listing will be obtained.

Likelihood of an alternative offer

TriAusMin management have stated that there were other parties interested in negotiating a deal. However, management confirmed that there was no other offer at this point in time that would provide superior value to TriAusMin shareholders.

Likely TriAusMin share price if offer lapses

If the Scheme is not implemented, TriAusMin will continue to explore and advance the Woodlawn projects, but will need to rapidly find alternative sources of funding, given its current low cash balance. There is little reasonable expectation that TRO could raise sufficient capital in the current market without either impacting the existing share price (on the basis that an equity raising is likely to be at a discount) or giving up other commercial aspects of the project to another party, e.g. royalties, off-take, etc.

Foreign shareholders

Restrictions in certain foreign countries may make it impractical or unlawful for new Heron Shares to be offered or issued under the Scheme to TriAusMin Shareholders in those countries. The new Heron shares of ineligible Foreign Shareholders will be sold on the market as soon as reasonably practicable, but no more than [15] Business Days after the Implementation Date. In our view, as the expected fair value to TriAusMin shareholders is expected to be higher post the Proposed Transaction, it is also likely that the market price obtained by Ineligible Foreign Shareholders will be no less than the current market price, therefore the offer is likely to be fair and, consistent with RG111, reasonable, for those shareholders. There is however, a risk that the sale of the shareholdings of ineligible foreign shareholders could put a downward pressure on the merged entity share price, as the shares are relatively illiquid. The number of ineligible shareholders is difficult to determine with certainty, therefore it is difficult to determine the extent of any potential downside. As discussed in the Scheme Booklet, the Proposed Transaction means that ineligible shareholders are no longer able to participate in the Woodlawn project and may incur taxes.

Convertible Notes

As at 31 December 2013 TriAusMin had A\$0.8 million in cash and therefore had a need for additional capital to meet the expected costs associated with exploration commitments, the Transaction and working capital. As a result, Heron agreed to invest A\$1.3 million in TriAusMin by way of a convertible loan with a term of approximately 9 months and an interest rate of 8%. The Convertible Loan may be converted into TriAusMin Shares at a share price of A\$0.04 under certain limited circumstances, and will be cancelled upon successful completion of the Transaction. Should the Convertible Loan be converted into equity, Heron would hold up to a 12% interest in TriAusMin.

If the merger does not proceed TriAusMin will be required to pay interest of 8% on the loan and repay the loan at the end of the 9 month term, unless the loan is converted to TriAusMin shares.

Other considerations

Other considerations are listed in the Scheme Booklet in Section 1: Reasons to vote in favour

of or against the Scheme.

Conclusion

In the opinion of VAA, the offer is fair. Consistent with RG 111 the offer is also, therefore, reasonable. In addition, there are no better offers and without the Proposed Transaction, it is possible the TriAusMin share price may fall.

It is therefore our opinion that the offer is in the best interests of shareholders because the offer is both fair and reasonable, and, based on information at the time of this report, TriAusMin shareholders will be better off if this Scheme is implemented than under any likely alternative option.

General advice only

This report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of the shareholders of TriAusMin. The decision to accept or reject the Proposed Transaction is a matter for individual shareholders. Shareholders of TriAusMin should consider the advice in the context of their own circumstances and preferences. Shareholders of TriAusMin who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their own professional adviser.

VAA has prepared a Financial Services Guide in accordance with the Corporations Act, 2001. This is included in Appendix 5 to this report.

Our opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Appendix 1 – Financial Services Guide

Issue Date: March 2014

Value Adviser Associates Pty Ltd ABN 54 131 852 607 ("Value Adviser Associates" or "we" or "us" or "our" as appropriate) provides general advice in relation securities to retail clients as an authorised representative of Capital Value Securities Pty Ltd ABN 46 123 674 886 ("CVS" or "licensee") AFSL No 311705.

Financial Service Guide

In the above circumstances we are required to issue you, as a retail client, with a Financial Services Guide [FSG]. This FSG is designed to help retail clients make a decision as to their use of our general security advice.

This FSG includes information about:

1. Who we are and how we and the licensee can be contacted
2. The services we are authorised to provide under the licensee's Australian Financial Services Licence
3. Remuneration that we, the licensee and any associates receive in connection with our general advice
4. The licensee's complaints handling procedures and how you may access them.

The licensee has authorised this FSG.

Financial services we are authorised to provide

We hold Authorised Representative number 342572 authorising us to provide general security advice on behalf of the licensee.

General advice

We provide general advice, not personal advice because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge fees for providing general advice. These fees will be agreed with, and paid by, the person who engages us. Fees will be agreed on either a fixed fee or time cost basis. Clients may request particulars within a reasonable time after receiving this Guide (and before any financial service is given).

Except for the fees referred to above, neither Value Adviser Associates, CVS nor any of their directors, employees or related entities receive any pecuniary benefit or other benefit directly or indirectly for or in connection with the provision of financial product advice.

Referrals

We do not pay commissions or provide other benefits to any person for referring customers to CVS or us in connection with the advice that we are authorised to provide.

Associations and relationships

CVS is ultimately controlled and operates as part of Value Adviser Associates professional advisory practice. Our Directors may be executive directors of CVS.

From time to time, we may provide professional services to financial product issuers in the ordinary course of our business.

Complaints resolution

Internal complaints resolution process

As a holder of an Australian Financial Services Licence, CVS is required to have a system for handling complaints from retail clients to whom it and its representatives provide financial product advice. All complaints must be in writing, addressed to: The Complaints Officer, Capital Value Securities Pty Ltd, Level 2, 65 Southbank Boulevard, Southbank, Vic 3006.

When CVS receives a written complaint it will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practicable and not more than 45 days after receiving the written complaint, it will advise the complainant in writing of its determination.

Referral to External Dispute Resolution Proposed Scheme

A complainant not satisfied with the outcome of the above process, or the licensee's determination, has the right to refer the matter to the Financial Ombudsman Service Ltd ["FOS"]. FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available from the FOS website www.fos.org.au or by contacting them directly at: Financial Ombudsman Service Ltd. GPO Box 3, Melbourne Victoria 3001 or Toll free 1300 78 08 08 or by facsimile (03) 9613 6399.

Professional Indemnity Insurance

Value Adviser Associates has Professional Indemnity insurance in place that covers claims in respect of current and former employees and representatives for services provided on behalf of Value Adviser Associates. This insurance satisfies the requirements under the Corporations Act relating to compensation arrangements.

Contact details

You may contact CVS at level 2, 65 Southbank Boulevard, Southbank Vic, 3006 or by phone (03) 9626 4300 or by facsimile (03) 9626 4301.

Appendix 2 – Statement of Qualifications and Declarations

Value Adviser Associates is qualified to provide this report. It is the corporate authorised representative of Capital Value Securities (a wholly-owned subsidiary of VAA), which holds an Australian Financial Services Licence under the Act. The VAA personnel responsible for this report have not provided financial advice to TriAusMin in relation to this Proposed Transaction.

Prior to accepting this engagement, VAA considered its independence with respect to TriAusMin with reference to ASIC Regulatory Guide 112: *Independence of experts*. In our opinion, we are independent of TriAusMin and Heron Resources.

This report has been prepared specifically for the shareholders of TriAusMin. Neither VAA nor any member or employee thereof undertakes responsibility to any person, other than a shareholder of TriAusMin, in respect of this report, including any errors or omissions howsoever caused.

The statements and opinions given in this report are given in good faith and the belief that such statements and opinions are not false or misleading. In the preparation of this report VAA has relied upon and considered information believed after due inquiry to be reliable and accurate. VAA has no reason to believe that any information supplied to it was false or that any material information has been withheld from it. VAA has evaluated the information provided to it by TriAusMin, its advisors, as well as other parties, through inquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base this report. VAA does not imply and it should not be construed that it has audited or in any way verified any of the information provided to it, or that its inquiries could have verified any matter which a more extensive examination might disclose. The information we have had regard to in the preparation of this report is set out in Appendix 3 – Sources of Information.

The information provided to VAA has been evaluated through analysis, enquiry and review to the extent it considered necessary for the purposes of forming an opinion. VAA does not warrant that its enquiries have identified or verified all the matters that a formal audit or due diligence may disclose. Accordingly, this report and the opinions contained in it should be considered more in the nature of a commercial and financial review rather than a comprehensive audit or due diligence.

TriAusMin has provided an indemnity to VAA for any claims arising out of any mis-statement or omission in any material or information provided to it in the preparation of this report.

This report should be read in its entirety to ensure that no isolated statements, analyses or other factors are construed out of context. The preparation of an opinion is a complex process and subject to professional judgement. The overall opinion is not to partial analysis or summary.

VAA provided draft copies of this report to the independent directors and management of TriAusMin for their comments as to factual accuracy, as opposed to opinions, which are the responsibility of VAA alone. Changes made to this report as a result of this review by the independent directors and management of TriAusMin have not changed the methodology or conclusions reached by VAA.

VAA will receive a professional fee based on time spent in the preparation of this report, estimated at \$30,000 to \$40,000 (exclusive of GST). This fee is not contingent on the outcome of the Proposed Transaction. VAA will not be entitled to any other pecuniary or other benefit whether direct or indirect, in connection with the making of this report.

Mr Michael Churchill, CEO of VAA, has assumed overall responsibility for this report. He has over 25 years' experience in providing financial advice and valuation advice and has professional qualifications appropriate to the advice being offered. Michael holds a Bachelor

of Administration, post graduate Diploma in Financial Analysis and Investment and is a Fellow of CPA Australia, a Senior Fellow of Finsia, a member of the Tax Institute and of the Institute of Company Directors.

Megan Raynal, an Executive Director of VAA, has over 15 years' experience in valuations and strategy. Megan has experience in valuing equity, debt, options, tangible and intangible assets and has undertaken valuations in most industries for a variety of different purposes. She has worked with a diverse cross section of companies across a range of industries both in Australia and overseas. Megan holds a Bachelor of Administration, a Masters of Business Administration and is a CFA charter holder.

In the preparation of this report VAA has had regard to relevant Regulatory Guides issued by ASIC. It is not intended that the report should be used for any other purpose than to be sent to the Shareholders of TriAusMin. In particular, it is not intended that this report should be used for any other purpose other than as an expression of its opinion as to whether or not the Offer is fair and reasonable for the Shareholders.

This report conforms to the requirements of APES 225 "Valuation Services".

The financial forecasts considered in the preparation of this report reflect the judgement of directors and management of TriAusMin based on present circumstances, as to both the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always differ from the forecast and such differences may be material. To the extent that our conclusions are based on forecasts, we express no opinion on the achievability of those forecasts.

VAA consents to the issue of this report in the form and context in which it accompanies the Notice of General Meeting to be sent to the shareholders of TriAusMin.

Appendix 3 – Discounted Cash flow Valuation

Key Assumptions

The discounted cash flow valuation of WRP was based on a model prepared by management. VAA reviewed and updated the model for:

- Forecast commodity prices;
- Forecast exchange rates; and
- Discount rates.

Key valuation assumptions in the model that VAA did not adjust are shown below.

- Capital Expenditure for WRP is \$95m, spent in the first two years of the project life;
- Rehabilitation costs are expected to be \$4.5m; and
- Opex per tonne over the life of the project is \$24.63. This is discussed in more detail below.

Forecast Commodity Prices and Exchange Rates

Table 24 shows the forecast commodity prices and exchange rates that were used in the valuation. The 2018 commodity prices are adopted in the period post-2018.

Table 24: Forecast Commodity Prices and Exchange Rates

| | | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------------|--------|-------|-------|-------|-------|-------|
| Copper \$/mt | USD/mt | 7,057 | 7,038 | 7,250 | 6,810 | 6,341 |
| Zinc \$/mt | USD/mt | 2,038 | 2,195 | 2,252 | 2,188 | 2,114 |
| Lead \$/mt | USD/mt | 2,218 | 2,300 | 2,388 | 2,426 | 2,487 |
| Gold | USD/oz | 1,235 | 1,200 | 1,300 | 1,205 | 1,200 |
| Silver | USD/oz | 20.40 | 20.50 | 22.00 | 21.00 | 20.12 |
| AUD forward exchange rate | | 0.907 | 0.862 | 0.842 | 0.827 | 0.814 |

Source: Bloomberg

The forecast commodity price is defined as the weighted average for all active outstanding futures contracts for the specific metal for that period of time. The weighting is based on the number of business days in the period that each contract is closest to delivery.

The forward AUD/USD estimates use the median of a composite of all analyst forecasts.

Opex Costs per Tonne

Opex per tonne over the life of the project is \$24.62 as shown in Table 25.

Table 25: Estimated Opex Costs per Tonne

| Estimated Opex Costs | WRP Model |
|------------------------------|--------------|
| Tonnes | 11,240,000 |
| Onsite Costs (\$) | 247,426,215 |
| Off Site Costs (\$) | 29,368,848 |
| Total OnSite Costs/t | 22.01 |
| Off site cost/t | 2.61 |
| Total Costs per Tonne | 24.62 |

Source: TriAusMin Limited

While VAA has not undertaken a detailed due diligence of all operating cost estimates, we do not consider this estimate to be unreasonable based upon the following:

- The estimates are based on a Q3 2011 estimate by a third party engineering firm. They are also consistent with an estimate provided in 2007 by another engineering firm.
- On-site historical costs of re-treatment from 1992 to 1996 were circa \$5/tonne.
- The costs/tonne are lower than a primary operation due to the simple recovery of the "ore" from the tailing dams and lower levels of work required to present the ore for flotation. The costs are also low because:
 - The commodities are reasonably soft therefore grinding costs are not as high as for some commodities; and
 - The project is in NSW and uses NSW grid power and local NSW labour. These are both likely to be cheaper than power and labour in remote mining projects.

Operating Assumptions Summary

Key operating assumptions in each period are shown in Table 26.

Table 26: Operating Assumptions Summary

| | | | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | Yr 6 | Yr 7 | Yr 8 | Yr 9 | Yr 10 | TOTAL |
|------------|---------|----------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|---------|
| Production | Feed | ,000 t | 1,045 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,195 | | 11,240 |
| | Cu conc | dmt | 5,533 | 8,652 | 8,652 | 20,598 | 22,930 | 19,557 | 7,364 | 5,866 | | | 99,201 |
| | Pb conc | dmt | 10,177 | 15,771 | 15,771 | 12,903 | 12,343 | 13,769 | 18,926 | 15,077 | | | 114,727 |
| | Zn conc | dmt | 27,108 | 57,510 | 57,510 | 43,556 | 40,007 | 42,974 | 55,380 | 44,119 | | | 379,964 |
| Shipping | Cu conc | dmt | 4,550 | 4,550 | 9,100 | 18,200 | 22,750 | 22,750 | 9,100 | 4,550 | 3,651 | | 99,201 |
| | Pb conc | dmt | 8,190 | 13,650 | 15,470 | 13,650 | 12,740 | 11,830 | 19,110 | 19,110 | 987 | | 114,727 |
| | Zn conc | dmt | 31,850 | 45,500 | 59,150 | 45,500 | 40,950 | 40,950 | 54,600 | 54,600 | 1,864 | | 379,964 |
| Prices | Zn | USD\$/t | 2,038 | 2,195 | 2,252 | 2,188 | 2,114 | 2,114 | 2,114 | 2,114 | 2,114 | 2,114 | 2,136 |
| | Pb | USD\$/t | 2,218 | 2,300 | 2,388 | 2,426 | 2,487 | 2,487 | 2,487 | 2,487 | 2,487 | 2,487 | 2,487 |
| | Cu | USD\$/t | 7,057 | 7,038 | 7,250 | 6,810 | 6,341 | 6,341 | 6,341 | 6,341 | 6,341 | 6,341 | 6,620 |
| | Ag | USD\$/oz | 20 | 21 | 22 | 21 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| | Au | USD\$/oz | 1,205 | 1,200 | 1,300 | 1,205 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,214 |
| | FX | | 0.91 | 0.86 | 0.84 | 0.83 | 0.81 | 0.81 | 0.81 | 0.81 | 0.81 | 0.81 | 0.81 |

Discounted Cash flow Forecasts

A summary of the discounted cash flow forecasts are shown in Table 27.

Table 27: Discounted Cash flow Forecast Summary

| | | | Yr 1 | Yr 2 | Yr 3 | Yr 4 | Yr 5 | Yr 6 | Yr 7 | Yr 8 | Yr 9 | Yr 10 | TOTAL |
|--|-----------------|---------|-----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|----------------|
| NSR Revenue | Initial Payment | A\$'000 | 0 | 34,441 | 51,629 | 68,062 | 68,279 | 70,037 | 69,059 | 63,547 | 56,887 | 10,247 | 492,169 |
| | Final Payment | A\$'000 | 0 | 1,437 | 6,446 | 7,733 | 7,367 | 7,672 | 7,782 | 6,588 | 6,958 | 2,609 | 54,792 |
| | Total NSR | A\$'000 | 0 | 35,878 | 58,276 | 75,795 | 75,646 | 77,709 | 76,821 | 70,135 | 63,845 | 12,856 | 546,960 |
| Opex | Site | | 576 | 23,348 | 32,452 | 32,607 | 32,740 | 32,740 | 32,740 | 32,740 | 27,484 | 0 | 247,426 |
| | Off-Site | | 0 | 2,614 | 4,052 | 4,052 | 3,810 | 3,762 | 3,823 | 4,007 | 3,217 | 0 | 29,369 |
| Royalties | | | 0 | 401 | 1,295 | 1,661 | 1,675 | 1,755 | 1,708 | 1,455 | 1,384 | 0 | 11,333 |
| Operating Cash Flow: | | | (576) | 9,515 | 20,476 | 27,476 | 37,421 | 39,453 | 38,551 | 31,902 | 31,760 | 12,856 | 258,833 |
| Project Capital | Construction | | 71,217 | 23,758 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 94,974 |
| | Rehabilitation | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,500 | 4,500 |
| Project Cash Flows Pre Tax + Pre Debt Service | | | (71,793) | (14,243) | 20,476 | 37,476 | 37,421 | 39,453 | 38,551 | 31,902 | 31,760 | 8,356 | 159,358 |
| Interest (Debt Servicing) | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Project Cash Flows Pre Tax | | | (71,793) | (14,243) | 20,476 | 37,476 | 37,421 | 39,453 | 38,551 | 31,902 | 31,760 | 8,356 | 159,358 |
| Tax | | | 0 | 0 | 0 | 0 | 4,401 | 10,794 | 10,523 | 8,528 | 8,698 | 3,857 | 46,800 |
| Project Cash Flows Post Tax | | | (71,793) | (14,243) | 20,476 | 37,476 | 33,020 | 28,659 | 28,027 | 23,373 | 23,062 | 4,499 | 112,558 |

Discount Rates

VAA used the Capital Asset Pricing Model to construct the discount rate. Table 28 provides the discount rate inputs and calculation. A discount rate of 16.1% has been applied which is between the high and low estimates.

Table 28: Discount Rate Inputs and Calculation

| WRP Discount Rate | | | |
|--|--------------|--------------|--------------|
| | Low | High | Selected |
| 1 Risk Free Rate @ 7 March 2014 | 4.12% | 4.12% | 4.12% |
| 2 MRP | 6.00% | 7.00% | 6.5% |
| 3 Asset Beta | 1.19 | 1.25 | 1.22 |
| 4 Leveraged Beta | 1.19 | 1.25 | 1.22 |
| 5 Discount Rate Adjustment | 3% | 5% | 4.0% |
| 6 Discount Rate = (1+(2 x 4) + 5) | 14.3% | 17.9% | 16.1% |

Notes

- The Risk Free Rate is the spot rate on 10 year government bonds.
- The Market Risk Premium ["MRP] in Australia is commonly estimated at between 6% and 7%. 6.5% was used in this valuation as the current estimate of the MRP based on market volatility is not materially different from our normal estimate of the long term MRP at 6.5%.
- The high asset beta estimate was derived from the Mining Valuation Handbook, Dr Victor Rudenno, reprinted 2007, p279, in which Dr Rudenno estimates a beta range of 1.24 to 1.26 for diversified resources and other metals companies. The low and selected asset betas are the mean and median of comparable listed companies respectively. The comparable listed asset betas are shown in Table 29. Note that most of the listed comparables have not been listed for a full five years and so fail the t-tests, indicating the data is not entirely reliable. However, given the similarity of the results to the Rudenno range and the paucity of any other market data, we have concluded that the market data is sufficiently accurate to estimate an asset beta.

Table 29 Comparable Company Asset Beta Calculations

| Name | D/V (5yr av) | Raw Beta Equity | Beta Asset |
|-----------------------|-----------------|--------------------|---------------|
| CUDECO LTD | 0.00 | 1.39 | 1.39 |
| ALTONA MINING LTD | 0.27 | 1.34 | 1.03 |
| HAVILAH RESOURCES NL | 0.00 | 1.22 | 1.22 |
| KBL MINING LTD | 0.18 | 1.13 | 0.96 |
| BASS METALS LTD | 0.21 | 1.64 | 1.34 |
| OVERALL MEAN | 0.13 | 1.34 | 1.19 |
| OVERALL MEDIAN | 0.18 | 1.34 | 1.22 |

D/V = Debt/Value

- The WRP project model assumes no debt; therefore the leveraged beta is the same as the asset beta.
- The Discount Rate Adjustment relates to a small company premium. Australian practitioners typically use small-cap premium for small-cap stocks under \$250m of up to 5%. (KPMG 2013 Market Practices survey). This is not inconsistent with Ibbotson data. (Microcap stocks of \$407m or less in the US have an average small-cap premium of 4%-5% according to the 2010 Ibbotson yearbook)

Discounted Cash flow Valuation Calculations

The Discounted Cash flow Valuation Calculations are shown in Table 30. If the WRP costs are higher by \$3-\$4/tonne, the project value will become marginal.

The expected post tax project value for WRP is \$13.0m.

Table 30: Discounted Cash flow Valuation and Internal Rate of Return Calculation

| Discounted Cash Flow Value Range | Discount Rate | Pre Tax A\$,000 | Post Tax A\$,000 |
|----------------------------------|------------------|--------------------|---------------------|
| Expected Discount Rate | 16.1% | 28,755 | 12,792 |
| Low Discount Rate | 14.3% | 36,832 | 19,010 |
| High Discount Rate | 17.9% | 21,522 | 7,219 |
| Internal Rate of Return | | 25.2% | 20.6% |

Appendix 4 – Valuation Methodologies

There are a number of valuation methodologies available with which to value a project, a business or the shares in a company. The principal methodologies used are:

- capitalisation of earnings;
- discounted cash flow;
- net realisable asset value;
- market based assessments; and
- recent offers.

Each of these methodologies is appropriate in certain circumstances. The decision as to which methodology to utilise generally depends upon the methodology most commonly adopted in valuing the asset in question and the availability of appropriate information.

Capitalisation of Earnings

The capitalisation of earnings methodology involves capitalising the earnings of a project, a business or a company at an appropriate multiple, which reflects the risks underlying the earnings together with growth prospects.

This methodology requires consideration of the following factors:

- estimation of future maintainable earnings having regard to historical and forecast operating results, abnormal or non-recurring items of income and expenditure and other factors. Future maintainable earnings is generally based on net profit after tax, EBIT, EBITA or EBITDA;
- determination of an appropriate earnings multiple reflecting the risks inherent in the business, growth prospects and other factors;
- earnings multiples applied to net profit after tax are known as price earnings multiples and are commonly used in relation to listed public companies. Earnings multiples applied to EBIT, EBITA or EBITDA are known, respectively, as EBIT, EBITA or EBITDA multiples, and are commonly used in respect of companies comprising a number of businesses where debt cannot be precisely allocated or in acquisition scenarios where the purchaser is likely to control gearing;
- an adjustment for financial debt, in the event maintainable earnings are based on EBIT, EBITA or EBITDA; and
- an assessment of any surplus assets and liabilities, being those which are not essential to the generation of the future maintainable earnings.

This methodology is appropriate where a company, project or business is expected to generate a relatively stable record of earnings.

Discounted Cash flow

The discounted cash flow methodology involves calculating the net present value of cash flows that are expected to be derived from future activities. The forecast cash flows are discounted by a discount rate that reflects the time value of money and the risk inherent in cash flows.

This methodology is particularly appropriate in valuing projects, businesses and companies that are in a start-up phase and are expecting considerable volatility and/or growth in earnings during the growth phase, as well as businesses with a finite life. The utilisation of this methodology generally requires management to be able to provide long term cash flows for the subject company, asset or business.

Net realisable value of assets

The net realisable value of assets methodology involves the determination of the net realisable value of the assets of a business or company, assuming an orderly realisation of those assets. This value may include a discount to allow for the time value of money and for reasonable costs of undertaking the realisation. It is not a valuation on the basis of a forced sale, where assets may be sold at values materially different to their market value.

This methodology is appropriate where a project, a business or company is not making an adequate return on its assets or where there are surplus non-operational assets or in the case of a start-up where returns are not certain.

Market-based assessments

Market based assessments relate to the valuation of companies or assets that are publicly traded.

For private companies, if a recent genuine offer has been made for a company, business unit or asset, that offer may be used as a basis for valuation of the company, business unit or asset.

Appendix 5 Metal Control Premium Data

| Year | Target | Control Premium |
|--------------------------|--------------------------------------|-----------------|
| Juniors/Explorers | | |
| 2012 | URSA Major Minerals Inc | 4.60% |
| 2012 | Integra Mining Ltd | 58.10% |
| 2012 | Silvermex Resources Inc | 16.00% |
| 2012 | Eureka Energy Ltd | 36.40% |
| 2012 | Exco Resources Ltd | 55.90% |
| 2012 | Areva SA (La Mancha Resources) | 55.60% |
| 2012 | Aurium Resources Ltd | -44.40% |
| 2012 | Precious Metals Resources Ltd | 6.40% |
| 2012 | Bullion Monarch Mining Inc | 21.30% |
| 2012 | Rift Valley Resources Ltd | 25.30% |
| 2012 | Gold-Ore Resources Ltd | 17.30% |
| 2012 | European Goldfields Ltd | 6.70% |
| 2012 | Minera Andes Inc | 10% |
| 2012 | Magma Metals Ltd | 1.30% |
| 2011 | Ferraus Ltd | 0.90% |
| 2011 | Far West Mining Ltd | -12.80% |
| 2011 | Stuart Petroleum Ltd | 50.00% |
| 2011 | Medoro Resources Ltd | 36.70% |
| 2011 | Jabiru Metals Ltd | 13.80% |
| 2011 | Anchor Resources Ltd | 90.60% |
| 2011 | Aragon Resources Ltd | 27.70% |
| 2011 | Century Mining Corp | -53.90% |
| 2011 | Crescent Gold Ltd | 4.00% |
| 2011 | Goldstone Resources Inc | 50.35% |
| 2011 | Simmer & Jack Mines | -26.60% |
| 2011 | Capital Gold Corp | 68.10% |
| Explorer Median | | 16.65% |
| Other | | |
| 2012 | Crocodile Gold Group | 83.50% |
| 2012 | Avion Gold Corp | 72.30% |
| 2012 | Norton Gold Fields | 45.90% |
| 2012 | Anvil Mining Ltd | 47.90% |
| 2011 | Territory Resources Ltd | 203.00% |
| 2011 | Consolidated Thompson Iron Mines Ltd | 30.50% |
| 2011 | Northgate Minerals Corp | 13.70% |
| 2011 | Gold One International Ltd | 27.90% |
| Total Median | | 26.50% |

Source: Mergerstat Control Premium Study, Metal Mining, Q1 2012 and Q4 2012

Appendix 6 – Sources of Information

In preparing this report, we have had regard to the following sources of information:

TABLE 1 INFORMATION PROVIDED BY TRIAUSMIN CORPORATION

| |
|--|
| TriAusMin Limited – Draft Scheme Booklet as at 11-Mar-14 |
| TriAusMin Limited - Summary of Directors Interests as at 31-Dec-13 |
| TriAusMin Limited – Top 20 ASX Shareholders as at 28-Feb-14 |
| TriAusMin Limited – WRP Valuation Jan 2012 v3 5-2-13.xls |
| TriAusMin Limited – WRP Valuation Jan 2012 v3 5-2-13 updated 170314 for Commodity prices case 5.xls |
| SMG Consultants Woodlawn Mine Pre-Feasibility Mining Study – Woodlawn Mine March 2007 prepared for Tri Origin Metals Limited |
| Scott Wilson Mining - NI 43-101 Technical report on the Woodlawn tailings retreatment project 15-Dec-09 |
| Paradigm Securities TriAusMin analyst report 9-Aug-13 |
| Dundee Capital Markets TriAusMin analyst report 11-Mar-14 |

TABLE 2 INFORMATION SOURCED BY VAA

| |
|---|
| TriAusMin Limited Annual Report 2010 |
| TriAusMin Limited Annual Report 2011 |
| TriAusMin Limited Annual Report 2012 |
| TriAusMin Limited Annual Report 2013 |
| TriAusMin Limited Interim financial report for the half-year ended 31-Dec-13 |
| TriAusMin Limited Annual General Meeting corporate presentation Nov-13 |
| TriAusMin Limited corporate presentation Mar-14 |
| TriAusMin Limited Announcement to the ASX "TriAusMin restates current Woodlawn underground mineral resource to comply with JORC 2012 edition" |
| TriAusMin Limited Management's discussion and analysis for the three and six months ended 31-Dec-13 |
| ASIC Regulatory Guide 111 Content of Expert Reports, March 2011 |
| ASIC Regulatory Guide 112 Independence of Experts, March 2011 |
| ASIC Regulatory Guide 60 Schemes of Arrangement, December 2009 |
| Heron Resources Limited Corporate Presentation November 2012 |
| Heron Resources Limited Financial Report for the half year ended 31 December 2013 |
| Heron Resources Limited 2013 Annual General Meeting |
| Heron Resources Limited Annual Report 2013 |

| |
|---|
| Heron Resources Limited Annual Report 2012 |
| Heron Resources Limited Annual Report 2011 |
| Heron Resources Limited Corporate Presentation – Diggers and Dealers Conference 5 August 2013 |
| Heron Resources Limited ASX Release 26 March 2013 |
| Heron Resources Limited ASX Release 25 July 2013 |
| Heron Resources Limited ASX Release 18 October 2013 |
| Heron Resources Limited ASX Release 2 December 2013 |
| Heron Resources Limited ASX Release 18 December 2013 |
| Heron Resources Limited Statement of Mineral Resources – Annual Report 2013 |
| Bloomberg |
| Mergerstat Control Premium Study, Metal Mining, Q1 2012 and Q4 2012 |
| Rudenno, Victor, the Mining Valuation Handbook, 2 nd Edit, 2007 |

Annexure B – Notice of Scheme Meeting

Notice of Court ordered meeting of TRO Shareholders

By an order of the Federal Court of Australia made on 6 June 2014 pursuant to section 411(1) of the Corporations Act, notice is hereby given that a meeting of TRO Shareholders will be held at The Grace Hotel, Pinaroo 2 Room, 77 York Street, Sydney, Australia on Monday, 28 July 2014 commencing at 2.00pm (Sydney time).

The Court has also directed that Dr James Gill act as chairman of the meeting or, failing him, Mr William Killinger AM, and has directed the chairman to report the result of the meeting to the Court.

To assist you in making an informed voting decision, further information on the Scheme (as defined below) is set out in the Scheme Booklet accompanying this notice. A copy of the Scheme is set out in Annexure D to the Scheme Booklet and its purpose and effect is explained throughout that document.

To enable you to make an informed voting decision, further information on the Scheme is set out in the Scheme Booklet which this notice forms part of. Terms used in this notice (including the resolution below) and not otherwise defined in this notice have the same meaning as set out in the defined terms in Section 12 of the Scheme Booklet.

Business of the meeting

The purpose of the meeting is to consider and, if thought fit, agree to a scheme of arrangement (with or without any modifications or conditions approved by the Court to which TRO agrees) proposed to be made between TRO and TRO Shareholders in relation to the proposed acquisition by HRR of 100% of the TRO Shares (**Scheme**).

Resolution

To consider and, if thought fit, pass the following resolution:

"That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act, the arrangement proposed between TriAusMin Limited and the holders of its fully paid ordinary shares, designated the "Scheme", as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this meeting (with or without any modifications or conditions approved at this meeting or approved by the Federal Court of Australia after this meeting, and to which TriAusMin Limited and Heron Resources Limited agree) is approved and, subject to approval of the Scheme by the Court, the TRO Board is authorised to implement the Scheme with any such modifications or conditions."

Majority required

In accordance with Section 411(4) (a) of the Corporations Act, for the Scheme to be Effective, the resolution must be passed by:

- unless the Court orders otherwise, a majority in numbers (greater than 50%) of TRO Shareholders present and voting at the Scheme Meeting (either in person or by proxy); and
- 75% of the votes cast on the resolution.

The vote will be conducted by poll.

Simon Smith

Company Secretary

6 June 2014

Annexure C – Explanatory Memorandum and Management Information Circular (NI51-102)

Explanatory Memorandum and Management Information Circular

TriAusMin Limited (“TRO” on the ASX “TOR” on the TSX or the “Company”) is a reporting issuer in certain provinces of Canada. Accordingly, pursuant to the requirements of National Instrument 51-102 – Continuous Disclosure Obligations, the following disclosure is required to be included in this Explanatory Memorandum and Management Information Circular (the “Circular”).

SOLICITATION OF PROXIES

This Circular is furnished in connection with the solicitation of proxies, by or on behalf of management of the Company, for use at the meeting (the “Scheme Meeting”) of holders (“TRO Shareholders”) of ordinary shares (“TRO Shares”) of TRO to be held at The Grace Hotel, Pinaroo 2 Room, 77 York Street, Sydney, Australia on Monday, 28 July 2014 commencing at 2.00pm (Sydney time) or at any adjournment thereof for the purposes set forth in the Notice of Scheme Meeting accompanying this Circular. The Company currently has one class of ordinary shares issued and outstanding. The board of directors of the Company (the “TRO Board”) recommends that holders of TRO Shares read in full this Circular in conjunction with the accompanying Notice of Scheme Meeting. It is expected that the solicitation of proxies will be primarily by mail, but proxies may also be solicited personally, by advertisement or telephone, by directors, officers or employees of the Company without special compensation, or by the Company’s branch registrar and transfer agent, TMX Equity Transfer Services Inc., at nominal cost. Brokers and other intermediaries holding TRO Shares in their names for others shall be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy materials to the beneficial owners of such TRO Shares. The cost of solicitation will be borne by the Company.

VOTING BY PROXIES

Appointment and revocation of proxies for holders of TRO Shares

Appointment of proxyholder

Each TRO Shareholder has the right to appoint as proxyholder persons (who need not be shareholders of the Company) other than the Chairman of the Scheme Meeting in the enclosed Proxy Form to attend and act on such shareholder’s behalf at the Scheme Meeting or at any adjournment thereof. Such right may be exercised by inserting the name(s) of the person or the company in the blank space provided in the enclosed Proxy Form or by completing another Proxy Form.

In the case of a registered holder of TRO Shares, you must return the Proxy Form to Boardroom Pty Limited (the “Australian Registry”) or TMX Equity Transfer Services Inc. (the “Canadian Registry”) (as indicated on the Proxy Form you receive) by sending, delivering or faxing it as follows:

Australian Registry:

Mail to: Boardroom Limited
Fax to: +61 2 9290 9655
Online: www.boardroomlimited.com.au

Canadian Registry:

Mail to: TMX Equity Transfer Services Inc.
Deliver to: 200 University Avenue Suite, 300, Toronto ON M5H 4H1
Fax to: +1 416 595 9593

In the case of a non-registered holder of TRO Shares who receives these materials through their broker or other intermediary, such holder should complete and send the Proxy Form in accordance with the instructions provided by such holder’s broker or other intermediary.

To be effective, a proxy must be received by the Australian Registry or the Canadian Registry (as indicated on the Proxy Form you receive) by not later than 2.00pm (Sydney time) on 26 July 2014.

A Proxy Form can be executed by a TRO Shareholder or by his attorney duly authorized in writing, or, if the TRO Shareholder is a company, under its corporate seal by an officer or attorney thereof duly authorized. Attorneys may be required to provide documentation evidencing their power to sign a Proxy Form within the capacity stated.

Revocation of proxy

A TRO Shareholder who has given a proxy may revoke it prior to its by instrument in writing (i) signed by the holder or by the holder's attorney who is duly authorised in writing, or (ii) if the holder is a company, signed by a duly authorised officer or attorney of the holder in compliance with applicable law and deposited at the Australian Registry or the Canadian Registry (as indicated on the Proxy Form you receive) at any time up to and including the last Business Day prior to the day of the Scheme Meeting. In addition, a revocation may be delivered to the Chair of the Scheme Meeting on the day of but prior to the start of the Scheme Meeting. A TRO Shareholder may also revoke a proxy in any other manner permitted by law.

Voting of Proxies

On any poll that may be called for, the TRO Shares represented by properly executed proxies given in favour of the chairman of the Scheme Meeting the enclosed Proxy Form will be voted in accordance with the instructions given on the poll and, if the TRO Shareholder specifies a choice with respect to any matter to be acted upon, the TRO Shares will be voted accordingly. If no choice is specified in the Proxy Form with respect to a particular matter, the TRO Shares represented by the Proxy Form will be voted FOR such matter.

The enclosed Proxy Form confers discretionary authority upon the persons named therein to decide how to vote with respect to amendments to matters identified in the accompanying Notice of Scheme Meeting and with respect to other matters which may properly come before the Scheme Meeting or any adjournment thereof. As of the date of this Circular, management of the Company is not aware of any such amendment or other matter to come before the Scheme Meeting. However, if any amendments to matters identified in the accompanying Notice of Scheme Meeting or any other matters which are not now known to management should properly come before the Scheme Meeting or any adjournment thereof, the TRO Shares represented by properly executed Proxy Forms given in favour of the chairman of the Scheme Meeting in the enclosed Proxy Form will be voted on such matters pursuant to such discretionary authority.

BENEFICIAL HOLDERS OF TRO SHARES

The information set forth in this section is of significant importance to persons who beneficially own TRO Shares, as a substantial number of such persons do not hold such shares in their own names.

Only registered TRO Shareholders or the persons they appoint as their proxies under the Proxy Form, are permitted to vote at the Scheme Meeting. However, in many cases, TRO Shares owned by a person (a "Beneficial Holder") are registered either (a) in the name of an intermediary (such as a bank, trust company, securities dealer or broker, or trustee or administrator) with an address outside Australia that the Beneficial Holder deals with in respect of the TRO Shares so owned, or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) with an address outside Australia of which the intermediary is a participant.

Applicable Canadian regulatory requirements require intermediaries to forward the meeting materials (e.g., the Notice of Scheme Meeting, this Circular, the Proxy Form, etc.) to Beneficial Holders unless a Beneficial Holder has waived the right to receive them. Very often, intermediaries will use service companies to forward the meeting materials to Beneficial Holders. Generally, Beneficial Holders who have not waived the right to receive meeting materials will either:

- a. be given a Proxy Form which has already been signed by the intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the Beneficial Holder but which is not otherwise completed. This Proxy Form is not required to be signed by the non-registered holder when submitting the proxy because the intermediary has already signed the Proxy Form. In this case, the Beneficial Holder who wishes to vote by proxy should otherwise properly complete the Proxy Form and deliver it as specified; or
- b. be given a Proxy Form which is not signed by the intermediary and which, when properly completed and signed by the Beneficial Holder and returned to the intermediary or its service company, will constitute voting instructions (often called a "voting instruction form") which the intermediary must follow. Typically, the Beneficial Holder will also be given a page of instructions which contains a removable label containing a bar code and other information. In order for the Proxy Form to validly constitute a voting instruction form, the Beneficial Holder must remove the label from the instructions and affix it to the voting instruction form, properly complete and sign the voting instruction form and submit it to the intermediary or its service company in accordance with the instructions of the intermediary or its service company.

In either case, the purpose of this procedure is to permit Beneficial Holders to direct the voting of the TRO Shares they beneficially own. Should a Beneficial Holder, who receives the Proxy Form, wish to vote at the Scheme Meeting in person, the Beneficial Holder should strike out the persons named in the Proxy Form and insert the Beneficial Holder's name in the blank space provided. Beneficial Holders should carefully follow the instructions provided by their intermediary including those regarding when and where the Proxy Form or the voting instruction form is to be delivered.

NOTICE RECORD DATES AND VOTING RECORD DATES

The TRO Board has fixed (a) 20 June 2014 (Sydney time) as the date which entitles TRO Shareholders to receive the Notice of Scheme Meeting (the Notice Record Date), (b) 2.00pm (Sydney time) on 26 July 2014 as the time and date which entitles registered TRO Shareholders to vote at the Scheme Meeting on the basis of one vote for each TRO Share held as at that time on each matter to be acted upon at the Scheme Meeting (the Registered Holder Voting Record Date), and (c) 2.00pm (Sydney time) on 26 July 2014 as the time and date which entitles Beneficial Holders to provide voting instructions to intermediaries to vote at the Scheme Meeting (the Beneficial Holder Voting Record Date) on the basis of one vote for each TRO Share beneficially held as at that time in accordance with the instructions provided by their intermediary.

VOTING SECURITIES

The TRO Shares are listed on the Toronto Stock Exchange under the symbol "TOR" and on the Australian Stock Exchange under the symbol "TRO". As at the date of this notice, the Company had 251,389,050 TRO Shares issued and outstanding, each carrying the right to one vote per share.

To the knowledge of the directors and executive officers of the Company, as of the date hereof, no person or company beneficially owns, controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to all outstanding TRO Shares, other than as set out below:

| Name of Shareholder | Number of Common Shares ⁽¹⁾⁽²⁾ | Percentage of Common Shares ⁽¹⁾⁽²⁾ |
|-----------------------------|---|---|
| James Wendell Gill | 37,223,010 | 14.8% |
| Tri Origin Exploration Ltd. | 29,270,023 | 11.6% |

Notes:

1. The information as to TRO Shares beneficially owned, controlled or directed, not being within the knowledge of the Company, has been obtained by the Company from publicly disclosed information and/or furnished by the TRO Shareholder listed above.
2. On a non-diluted basis.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director, proposed director, executive officer, insider or other informed person of the Company, nor any associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year, or in any proposed transaction, which has materially affected or would materially affect the Company or any of its subsidiaries.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the most recently completed financial year of the Company, no director, executive officer or associate of any director or executive officer of the Company was indebted to the Company, nor were any of these individuals indebted to any other entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company, including under any securities purchase or other program.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

No person or company that has been a director or executive officer of the Company at any time during the most recently completed financial year of the Company, nor any proposed director or any associate or affiliate of any such director, executive officer or proposed director, has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Scheme Meeting, other than as set out in the Scheme Booklet.

AUDITOR

The auditor of the Company is BDO East Coast Partnership (formerly known as PKF East Coast Practice) and was appointed by the TRO Shareholders following the annual general meeting of TRO Shareholders held on November 11, 2009.

ADDITIONAL INFORMATION

The Company shall provide to any holder of TRO Shares, upon written request to the Company Secretary, at the Company's registered office, located at Suite 702, Level 7 191 Clarence Street, Sydney, NSW 2000, Australia (facsimile: + 61 02 9299 7500) one copy of the audited financial statements of the Company for its most recently completed financial year, and one copy of any interim financial statements subsequent to the audited financial statements of the Company that have been filed for any period after the end of its most recently completed financial year.

Financial information for the Company's most recently completed financial year, being the year ended 30 June 2013, is provided in the audited financial statements of the Company as at the financial year ended 30 June 2013.

These documents, along with additional information relating to the Company (including its interim financial report for the half year ended 31 December 2013), are also available on SEDAR at www.sedar.com trading symbol on the TSX is "TOR").

Annexure D – Scheme of Arrangement

Scheme of Arrangement made under section 411 of the *Corporations Act 2001* (Cth)

PARTIES: TriAusMin Limited (ACN 062 002 475) of Suite 702, 191 Clarence Street, Sydney NSW 2000 (Target)
and
Each Participant

Background

- A. Target is:
- (a) a public company limited by shares;
 - (b) incorporated in Australia and registered in New South Wales;
 - (c) admitted to the official list of ASX and TSX, and Target Shares are officially quoted on the respective stock market conducted by ASX and TSX.
- B. As at 29 May 2014, Target's issued securities comprise of:
- (a) 251,389,050 Target Shares;
 - (b) 8,583,333 unquoted Options; and
 - (c) 1,300,000 convertible notes.
- C. Bidder is:
- (a) a public company limited by shares;
 - (b) incorporated in Australia and registered in Western Australia; and
 - (c) admitted to the official list of ASX and Bidder Shares are officially quoted on the stock market conducted by ASX.
- D. Target and Bidder have entered into the Scheme Implementation Agreement dated 8 March 2014 (**Scheme Implementation Agreement**) pursuant to which, among other things, Target has agreed to propose and (subject to the satisfaction of certain conditions as therein stated) implement this Scheme.
- E. If this Scheme becomes Effective, then:
- (a) all Scheme Shares will be transferred to Bidder on the Implementation Date; and
 - (b) in consideration of the transfer of each Scheme Share to Bidder, Bidder will provide the Scheme Consideration to each Participant in accordance with this Scheme and the Deed Poll.
- F. Bidder has executed the Deed Poll for the purpose of undertaking in favour of the Participants to perform its obligations under this Scheme, including to provide the Scheme Consideration.

Operative Parts

1. Defined terms and interpretation

1.1 Defined terms

In this Scheme:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the market operated by it, as appropriate.

Bidder means Heron Resources Limited (ACN 068 263 098).

Bidder Share means a fully paid ordinary share in the capital of Bidder.

Bidder Share Register means the register of members of Bidder maintained by or on behalf of Bidder in accordance with section 168(1) of the Corporations Act.

Business Day means a day in Perth and Sydney which is not a Saturday, Sunday or public holiday and on which banks and ASX are open for trading.

CHESS means the Clearing House Electronic Sub-register System.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia or such other court of competent jurisdiction as Target and Bidder may agree in writing.

Deed Poll means the deed poll dated 30 May 2014 executed by Bidder in favour of Participants.

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.

Effective Date means the date on which this Scheme becomes Effective.

Eligible Target Shareholder means a Participant whose address as shown in the Target Share Register on the Record Date is a place within Australia and its external territories, New Zealand, Canada, United States of America (subject to the requirements of any applicable state securities laws), United Kingdom, Hong Kong (provided that (a) that Participant is a "professional investor" (as defined in the Securities and Futures Ordinance of Hong Kong) and/or (b) the number of non-professional investors in Hong Kong does not exceed 50) or Switzerland.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of security, security interest (including any security interests within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)), title retention, preferential right or trust arrangement, claim, covenant, interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind or any other arrangement having the same effect.

Implementation Date means the date which is 5 Business Days after the Record Date or such other date as Target and Bidder agree in writing or required by a Governmental Agency.

Ineligible Target Shareholder means a Participant who is not an Eligible Target Shareholder, unless Bidder is satisfied, acting reasonably, that it is permitted to allot and issue New Bidder Shares to that Participant pursuant to the Scheme by the laws of the place in which its address as shown in the Target Share Register on the Record Date is located.

New Bidder Share means a new Bidder Share to be issued under the Scheme.

Nominee means Patersons Securities Limited (ABN 69 008 896 311), being the nominee appointed by Bidder in accordance with clause 3(b) of the Scheme Implementation Agreement.

Option means an option to acquire a Target Share.

Optionholder means a holder of one or more Options.

Participant means each person who is a Target Shareholder as at the Record Date.

Record Date means 7.00pm on the date which is 5 Business Days after the Effective Date, or any other date agreed by Target and Bidder (with the consent of ASX and/or TSX if necessary).

Scheme Implementation Agreement means the scheme implementation agreement between Target and Bidder dated 8 March 2014.

Scheme means this scheme of arrangement together with any amendment or modification made pursuant to section 411(6) of the Corporations Act and agreed to by Bidder and Target.

Scheme Consideration means the consideration to be provided to Participants under the terms of the Scheme, being 0.4292 New Bidder Shares in respect of every 1 Target Share held by a Participant as at the Record Date.

Scheme Meeting means the meeting to be convened by the Court at which the Target Shareholders will vote on the Scheme, and includes any adjournment of that meeting.

Scheme Share means a Target Share held by a Participant.

Second Court Date means the first day of hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned or subject to appeal for any reason, means the first day on which the adjourned or appealed application is heard.

Share Scheme Transfer means, in respect of each Participant, a duly completed and executed and otherwise proper instrument of transfer of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all of the Scheme Shares.

Target Share means a fully paid ordinary share in the capital of Target.

Target Share Register means the register of members of Target maintained by or on behalf of Target in accordance with section 168(1) of the Corporations Act.

Target Shareholder means each person registered in the Target Share Register as a holder of Target Shares.

TSX means the Toronto Stock Exchange.

1.2 Other terms

Terms not otherwise defined in this Scheme have the same meaning as in the Scheme Implementation Agreement.

1.3 Rules for interpreting this Scheme

The rules specified in clause 16.2 of the Scheme Implementation Agreement apply in interpreting this Scheme, except that any reference to “this agreement” is deemed to be a reference to this Scheme and unless the context makes it clear that a rule is not intended to apply.

1.4 Headings

Headings are for ease of reference only and do not affect the meaning of this Scheme.

1.5 Business Days

Where something is required by this Scheme to be done on a day which is not a Business Day in the place where it is to be done, it must be done on the next day which is a Business Day in that place.

2. Conditions to this Scheme

2.1 Conditions precedent

- (a) This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:
- (i) as at 8.00am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll having been terminated; and
 - (ii) all of the conditions precedent in clause 4.1 of the Scheme Implementation Agreement having been satisfied, or waived (other than the conditions precedent in clauses 4.1(c), (d) and (e) which cannot be waived), in accordance with the terms of the Scheme Implementation Agreement by the time set out in the Scheme Implementation Agreement.
- (b) The satisfaction of each condition in clause 2.1(a) is a condition precedent to the operation of the remainder of this Scheme (other than clause 2.2).

2.2 Certificate in relation to conditions precedent

Target and Bidder must provide to the Court on the Second Court Date, a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their respective knowledge) whether or not the conditions precedent set out in clause 2.1(a) (other than the condition precedent in clause 4.1(d) of the Scheme Implementation Agreement) have been satisfied or waived. The certificates referred to in this clause 2.2 will constitute conclusive evidence that those conditions precedent have been satisfied (or waived).

3. Implementation of Scheme

3.1 Lodgement of Court order

- (a) If the conditions set out in clause 2.1(a) (other than the condition precedent in clause 4.1(d) of the Scheme Implementation Agreement to the extent it refers to the lodgement of an office copy of the Court order approving the Scheme with ASIC) are satisfied, Target must lodge with ASIC in accordance with section 411(10) of the Corporations Act, an office copy of the Court order under section 411(4)(b) of the Corporations Act

approving this Scheme by no later than 5.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as Bidder and Target agree in writing.

- (b) The Court order under section 411(4)(b) of the Corporations Act approving this Scheme is taken to have effect on and from the date of lodgement of an office copy of the order with ASIC or such other date as is specified in the order.

3.2 Transfer of Scheme Shares

- (a) On the Implementation Date, in consideration for and subject to and only after the provision of the Scheme Consideration in accordance with clause 4.1 and the issue of New Bidder Shares to the Nominee in accordance with clause 4.2(a)(i), the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Bidder without the need for any further act by any Participant (other than acts performed by Target as attorney and agent for Participants under clause 7.2) by:
 - (i) Target executing and delivering to Bidder as agent and attorney for all Participants, the Share Scheme Transfer to transfer all Scheme Shares to Bidder, without the need for any further act by Participants; and
 - (ii) Bidder duly executing the Share Scheme Transfer and delivering it to Target for registration.
- (b) Immediately after receipt by Target of the Share Scheme Transfer pursuant to clause 3.2(a)(ii), Target must enter the name of Bidder in the Target Share Register in respect of all the Scheme Shares that are the subject to the Share Scheme Transfer.

3.3 Scheme Consideration

On the Implementation Date, in consideration for and prior to the transfer of the Scheme Shares to Bidder, Bidder must provide the Scheme Consideration to each Participant in accordance with clause 4.1 and issue the New Bidder Shares to the Nominee in accordance with clause 4.2(a)(i).

4. Scheme Consideration

4.1 Provision of Scheme Consideration

Subject to clauses 4.2 and 4.3, the obligation of Bidder to provide the Scheme Consideration pursuant to clause 3.3 will be satisfied by Bidder:

- (a) on the Implementation Date, entering the name of each Participant in the Bidder Share Register in respect of those New Bidder Shares which that Participant is entitled to receive under this Scheme; and
- (b) within 3 Business Days after the Implementation Date, sending or procuring the despatch by pre-paid ordinary post (or, if the address of the Participant in the Target Share Register is outside Australia, by pre-paid airmail post) to each Participant to their address recorded in the Target Share Register on the Record Date, a holding statement for the New Bidder Shares issued to that Participant.

4.2 Ineligible Target Shareholders

- (a) If an Ineligible Target Shareholder would otherwise be entitled to receive the Scheme Consideration under clause 4.1, Bidder has no obligation to allot or issue, and will not allot or issue, any New Bidder Shares to a Participant who is an Ineligible Target Shareholder, and instead:
 - (i) Bidder must issue the New Bidder Shares attributable to, and which would otherwise be required to be provided to, the Ineligible Target Shareholders under this Scheme to the Nominee;
 - (ii) Bidder must procure that, as soon as reasonably practicable after the Implementation Date, the Nominee, in consultation with Bidder, sells or procures the sale (including on an aggregated or partially aggregated basis), in the ordinary course of trading on ASX or TSX (at the discretion of the Nominee in consultation with Bidder), of all the New Bidder Shares issued to the Nominee, in such manner, at such price and on such other terms as the

Nominee (in consultation with Bidder) determines in good faith, and remits to Bidder the proceeds of sale (after deduction of any applicable brokerage, stamp duty and other costs, taxes and charges) (**Proceeds**); and

- (iii) Bidder must pay, or procure the payment, to each Ineligible Target Shareholder the amount calculated in accordance with the following formula and rounded down to the nearest cent:

$$A = (B \div C) \times D$$

where

A is the amount to be paid to that Ineligible Target Shareholder;

B is the number of New Bidder Shares attributable to, and that would otherwise have been issued to, that Ineligible Target Shareholder had it not been an Ineligible Target Shareholder and which are instead issued to the Nominee;

C is the total number of New Bidder Shares attributable to, and which would otherwise have been issued to, all Ineligible Target Shareholders collectively and which are instead issued to the Nominee; and

D is the Proceeds (as defined in clause 4.2(a)(ii)); and

- (iv) none of Bidder, Target or the Nominee gives any assurance as to the price that will be achieved for the sale of New Bidder Shares described in clause 4.2(a)(ii). The sale of the New Bidder Shares under this clause 4.2(a) will be at the risk of the Ineligible Target Shareholder.

- (b) Payment under clause 4.2(a)(iii) is to be made by sending to each Ineligible Target Shareholder by pre-paid airmail post at their address in the Target Share Register a cheque drawn on a bank considered appropriate by Bidder, at the discretion of Bidder, in Canadian dollars, Australian dollars or in the local currency of the country in which the relevant Ineligible Target Shareholder's address appears on the Target Share Register (at the discretion of Bidder). Bidder and Nominee are authorised to effect any conversion of the Proceeds (or any part thereof) in such manner as they deem appropriate (acting reasonably) and to deduct any costs, charges or expenses associated with such conversion from the amount paid to the relevant Ineligible Target Shareholder.

4.3 Fractional entitlements

If the number of Scheme Shares held by a Participant is such that the aggregate entitlement of that Participant to New Bidder Shares is not a whole number, then the entitlement in each case must be rounded down to the nearest whole number.

4.4 New Bidder Shares to rank equally

- (a) Each New Bidder Share issued in accordance with this Scheme will rank equally in all respects with all existing Bidder Shares.
- (b) On issue, each New Bidder Share will be fully paid and free from any Encumbrance.

4.5 Joint Holders

In the case of any Scheme Shares held in joint names:

- (a) holding statements for New Bidder Shares issued to Participants must be issued in the names of the joint holders and sent to the holder whose name appears first in the Target Share Register on the Record Date; and
- (b) any cheque required to be paid to Ineligible Target Shareholders by Bidder (or on behalf of Bidder) must be payable to the joint holders and be forwarded to the holder whose name appears first in the Target Share Register on the Record Date.

5. Dealings in Scheme Shares

5.1 Determination of Participants

To establish the identity of the Participants, dealing in Scheme Shares will only be recognised by Target if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Target Share Register as the holder of the relevant Scheme Shares by the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Target Share Register is kept.

5.2 Register

Target must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 5.1(b) on or before the Record Date.

5.3 No disposals after Effective Date

If the Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date.

5.4 Maintenance of Target Share Register

- (a) Target must not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after the Record Date (except for a transfer of Scheme Shares to Bidder pursuant to this Scheme and any subsequent transfer by Bidder).
- (b) For the purpose of determining entitlements to the Scheme Consideration, Target must maintain the Target Share Register in accordance with the provisions of this clause 5 until the Scheme Consideration has been provided to Participants. The Target Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (c) All statements of holding (or any share certificate or other document of title) in respect of Scheme Shares will cease to have effect after the Record Date as documents of title in respect of those Scheme Shares (other than statements of holding, certificates or documents of title in favour of Bidder and its successor in title) and, after the Record Date, each entry current as at the Record Date on the Target Share Register (other than entries in respect of Bidder or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.
- (d) As soon as possible after the Record Date, Target must ensure that details of the names, registered addresses and holdings of Scheme Shares for each Participant as shown in the Target Share Register on the Record Date are available to Bidder in the form Bidder reasonably requires.

6. Quotation of shares

6.1 Quotation of Target Shares

- (a) Target will apply for, and is expected to be granted, the suspension of trading of Target Shares on ASX on and from the close of trading on the Effective Date.
- (b) Target will apply for, and is expected to be granted, the suspension of trading of Target Shares on TSX on and from the close of trading on the Effective Date.
- (c) Target will make an announcement to ASX and apply for termination of official quotation of Target Shares on ASX and to have itself removed from the official list of ASX with effect from the Business Day immediately following the Implementation Date, or from such later date as may be determined by Bidder, acting reasonably.
- (d) Immediately following the Scheme becoming Effective, Target will notify TSX of this event and request the delisting of the Target Shares from TSX and the removal of Target from the official list of TSX.

6.2 Quotation of New Bidder Shares

Bidder will apply for:

- (a) the official quotation of the New Bidder Shares on ASX and will request that those shares be quoted on a deferred settlement basis as from the Business Day following the

Effective Date (or such later date as ASX requires), and on an ordinary settlement basis as from the Business Day after the Implementation Date; and

- (b) the equivalent of the official quotation of the New Bidder Shares on TSX and for those shares to be listed for trading on TSX as soon as practicable following the Effective Date in accordance with the policies of TSX.

7. General provisions

7.1 Consent to Scheme amendments

If the Court proposes to approve this Scheme subject to any alterations or conditions to this Scheme, Target may by its counsel or solicitor consent on behalf of all Participants and all other persons concerned, to those alterations or conditions to which Bidder has consented.

7.2 Power of attorney

Upon the Scheme becoming Effective, each Participant will be deemed to have authorised and appointed Target and each of its directors and secretaries (jointly and severally) as its agent and attorney, or where necessary or appropriate as its corporate representative, to do and execute all acts, matters, things and documents on the part of the Participant necessary or desirable to implement this Scheme, including (without limitation):

- (a) executing any share transfer or transfers in relation to Scheme Shares; and
- (b) enforcing the Deed Poll against Bidder.

7.3 Participants' agreements and representations

- (a) The Participants agree, and Target agrees for and on behalf of all Participants, to the transfer of all of their Scheme Shares (together with all rights and entitlements attaching to their Scheme Shares) to Bidder in accordance with this Scheme.
- (b) Each Participant is taken to have represented and warranted to Bidder and Target that at the date of transfer of all the Scheme Shares (including any rights and entitlements attaching to the Scheme Shares) that are, or are to be, transferred to Bidder under this Scheme:
 - (i) all their Scheme Shares (including any rights and entitlements attaching to those shares) will be fully paid and free from all Encumbrances and restrictions on transfer of any kind; and
 - (ii) it has full power and capacity to sell and to transfer all and each of its Scheme Shares (including any rights and entitlements attaching to those shares) to Bidder under this Scheme.
- (c) Each Participant irrevocably agrees to accept the New Bidder Shares issued by way of Scheme Consideration and agrees to be a member of Bidder and be bound by Bidder's constitution. This clause 7.3(c) does not apply to Ineligible Target Shareholders.

7.4 Title to and rights in Scheme Shares

On and from the Implementation Date, Bidder will be legally and beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Target of Bidder in the Target Share Register as the holder of the Scheme Shares.

7.5 Enforcement of Deed Poll

Target undertakes in favour of each Participant to enforce the Deed Poll against Bidder on behalf of and as agent and attorney for the Participants as specified in clause 7.2.

7.6 Further action by Target

Target will execute all documents and do all things necessary or expedient to implement, and perform its obligations under, this Scheme.

7.7 Authority and acknowledgment

Each Participant:

- (a) irrevocably consents to Target and Bidder doing all things necessary or expedient for or incidental to the implementation of this Scheme;

- (b) acknowledges that this Scheme binds Target and all Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that meeting); and
- (c) acknowledges that, to the extent of inconsistency between this Scheme and Target's constitution, this Scheme overrides Target's constitution.

7.8 Appointment of Bidder as attorney for Scheme Shares

- (a) From the Effective Date until Bidder is registered in the Target Share Register as the holder of all Scheme Shares, each Target Shareholder:
 - (i) without the need for any further act by that Target Shareholder, irrevocably appoints Bidder as its proxy to (and irrevocably appoints Bidder and each of its directors and officers, jointly and severally, as its agent and attorney for the purpose of appointing any director or officer of Bidder as that Target Shareholder's proxy and, where appropriate, its corporate representative to):
 - (A) attend shareholders' meetings of Target;
 - (B) exercise the votes attaching to the Scheme Shares registered in the name of the Target Shareholder; and
 - (C) sign any Target Shareholders' resolution,

(and it is acknowledged and agreed that in exercising such powers the proxy, agent and attorney may act in the interests of Bidder as the intended registered holder of the Scheme Shares); and
 - (ii) must take all other action in the capacity of a Target Shareholder as Bidder reasonably directs.
- (b) From the Effective Date until Bidder is registered in the Target Share Register as the holder of all Scheme Shares, no Target Shareholder may attend or vote at any meetings of Target Shareholders or sign any Target Shareholders' resolution (whether in person, by proxy or by corporate representative) other than under this clause 7.8.

7.9 Notices

Where a notice, transfer, transmission application or other communication referred to in this Scheme is sent by post to Target, it is not deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Target's registered office or Target's share registry.

8. Governing law

- (a) The law in force in New South Wales governs this Scheme.
- (b) Target and the Participants submit to the non-exclusive jurisdiction of the courts of New South Wales.

Annexure E – Deed Poll

DATE: 30 May 2014

BY: Heron Resources Limited ACN 068 263 098 of Level 1, 37 Ord Street, West Perth WA 6005 (Bidder)

IN FAVOUR OF: Each Participant

Recitals

- A. The Target Board has resolved that Target should propose the Scheme set out in Annexure A.
- B. Target and Bidder have entered into a scheme implementation agreement with respect to the Scheme and associated matters dated 8 March 2014 (**Scheme Implementation Agreement**).
- C. The effect of the Scheme will be that all Scheme Shares held by Participants will be transferred to Bidder in exchange for the Scheme Consideration. In addition, in accordance with clause 4.1(f) of the Scheme Implementation Agreement, Bidder and Target are entering into an option deed with each Target Optionholder pursuant to which each Target Optionholder will agree to the cancellation of their Target Options in exchange for options for new Bidder Shares, conditional upon, amongst other things, the Scheme becoming Effective.
- D. In accordance with clause 5.2(i) of the Scheme Implementation Agreement, Bidder is entering into this Deed Poll to undertake in favour of each Participant that it will observe and perform its obligations under the Scheme Implementation Agreement and the Scheme.

Operative Parts

1. Definitions and interpretation

1.1 Definitions

Terms defined in the Scheme Implementation Agreement or the Scheme have the same meaning where used in this Deed Poll, unless otherwise expressly defined in this Deed Poll.

1.2 Rules for interpreting this Deed Poll

The rules specified in clause 16.2 of the Scheme Implementation Agreement apply in interpreting this Deed Poll, except that any reference to "this agreement" is deemed to be a reference to this Deed Poll.

1.3 Headings

Headings are for ease of reference only and do not affect the meaning of this Deed Poll.

1.4 Business Days

Where something is required by this Deed Poll to be done on a day which is not a Business Day in the place where it is to be done, it must be done on the next day which is a Business Day in that place.

1.5 Nature of Deed Poll

Bidder acknowledges that this Deed Poll may be relied on and enforced by any Participant in accordance with its terms even though that Participant is not party to this Deed Poll.

2. Compliance with Scheme Obligations

2.1 Conditions Precedent

Bidder's obligations under the remainder of this clause 2 are subject to the Scheme becoming Effective.

2.2 Performance of Scheme obligations generally

In consideration of the transfer to Bidder of all the Scheme Shares in accordance with the Scheme, Bidder undertakes in favour of each Participant to perform and do all those things Bidder is required to do under the Scheme Implementation Agreement and/or the Scheme and that the Scheme Implementation Agreement and/or the Scheme contemplate(s) will be done by Bidder.

2.3 Payment of Scheme Consideration

Without limiting clause 2.2, in consideration of the transfer to Bidder of all the Scheme Shares in

accordance with the Scheme, Bidder agrees to:

- (a) subject to clauses 4.2 (Ineligible Target Shareholders) and 4.3 (Fractional entitlements) of the Scheme, allot and issue the New Bidder Shares to Participants in accordance with the Scheme on terms such that each New Bidder Share will rank equally in all respects with each existing Bidder Share;
- (b) apply for the official quotation of the New Bidder Shares on the ASX and request that those shares be quoted on a deferred settlement basis as from the Business Day following the Effective Date (or such later date as the ASX requires), and on an ordinary settlement basis as from the Business Day after the Implementation Date;
- (c) make application for the New Bidder Shares to be approved for listing and posting for trading on the TSX and for trading in the New Bidder Shares to commence as soon as practicable following the Effective Date in accordance with the policies of the TSX; and
- (d) ensure that on issue, each New Bidder Share will be fully paid and free from any Encumbrance,

in each case, subject to and in accordance with the terms and conditions of the Scheme and the Scheme Implementation Agreement.

3. Warranties

Bidder represents and warrants in favour of each Participant that, as at the date of this Deed Poll and each day thereafter until the earlier of Bidder having completely performed its obligations under this Deed Poll and the termination of this Deed Poll in accordance with clause 4.2:

- (a) it is a validly existing corporation registered under the laws of its place of incorporation;
- (b) it has full power and capacity to enter into and perform its obligations under this Deed Poll, and to carry out the transactions contemplated by this Deed Poll, in accordance with its terms;
- (c) it has taken or will take all necessary corporate action to authorise its entry into this Deed Poll, its performance of this Deed Poll and the carrying out by it of the transactions contemplated by this Deed Poll, in accordance its terms;
- (d) this Deed Poll has been duly and validly executed and delivered by it and is a valid and binding obligation of it in accordance with its terms; and
- (e) it enters into and performs this Deed Poll and the transactions contemplated by this Deed Poll on its own account and not as trustee for or nominee of any other person.

4. Term and Termination

4.1 Continuing Obligations

This Deed Poll is irrevocable and remains in full force and effect until the earlier of Bidder having completely performed its obligations under this Deed Poll and the termination of this Deed Poll in accordance with clause 4.2.

4.2 Termination

Subject to clause 4.3, if:

- (a) the Scheme Implementation Agreement is terminated in accordance with its terms prior to the Scheme becoming Effective; or
- (b) the Scheme fails to become Effective by the End Date,

this Deed Poll will automatically and immediately terminate and the terms of the Deed Poll will be of no further force or effect.

4.3 Consequences of termination

If this Deed Poll is terminated in accordance with clause 4.2, then in addition and without prejudice to any other rights, powers or remedies available to the Bidder or any Participant:

- (a) Bidder is released from its obligations to further perform this Deed Poll; and
- (b) each Participant retains the rights it has against Bidder in respect of any breach of this Deed

Poll which occurs before its termination.

5. Stamp Duty

Bidder must:

- (a) pay any stamp duty imposed in respect of this Deed Poll or the Scheme, the performance of this Deed Poll or the Scheme and each transaction effected by or made under this Deed Poll or the Scheme; and
- (b) indemnify each Participant against any liability arising from failure to comply with clause 5(a).

6. General

6.1 Notices

Each communication (including each notice, consent, approval, request and demand) to Bidder under or in connection with this Deed Poll:

- (a) must be in writing;
- (b) must be addressed as follows (or as otherwise notified by Bidder from time to time):

Bidder

Name: Heron Resources Limited
Attention: Ian Buchhorn
Address: Level 1, 37 Ord Street
West Perth WA 6005
Australia
Facsimile: +61 8 9215 4490
Email: IBuchhorn@HeronResources.com.au

- (c) must be signed by the party making it or (on that party's behalf) by the solicitor for, or any attorney, director, secretary or authorised agent of, that party;
- (d) must be delivered by hand or posted by prepaid post to the address, sent by electronic mail, or sent by fax to the number, of Bidder in accordance with clause 6 1(b);
- (e) if sent by email, must be in a form of an attached PDF or other scanned image of an original communication that includes a handwritten signature and the accompanying email must state that the attachment is a communication under this Deed Poll; and
- (f) will be taken to be received by Bidder:
 - (i) (in the case of prepaid post sent to an address in the same country) on the third Business Day after the date of posting;
 - (ii) (in the case of prepaid post sent to an address in another country) on the fifth Business Day after the date of posting;
 - (iii) (in the case of fax) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the fax machine from which it was sent;
 - (iv) (in the case of delivery by hand) on delivery; and
 - (v) (in the case of electronic mail) when transmitted by the sender unless the sender receives a message from its internet service provider or the recipient's mail server indicating that it has not been successfully transmitted,

but if the delivery or transmission is received after 5.00pm (local time) on a Business Day, the Notice is taken to be received on the immediately following Business Day.

6.2 Waiver

- (a) Waiver of any right arising from a breach of this Deed Poll or of any right, power, authority, discretion or remedy arising upon default under this Deed Poll must be in writing and signed by the person granting and entitled to grant the waiver. A person may not rely on any

conduct of another person as a defence to the exercise by that other person of a right, power, authority, discretion or remedy.

- (b) A failure or delay in exercise, or partial exercise, of:
 - (i) a right arising from a breach of Deed Poll; or
 - (ii) a right, power, authority, discretion or remedy created or arising upon default under this Deed Poll,

does not result in a waiver of that right, power authority, discretion or remedy.

- (c) A person is not entitled to rely on the delay in exercise or the non-exercise of a right, power, authority, discretion or remedy arising from a breach of this Deed Poll or on a default under this Deed Poll as constituting a waiver of that right, power, authority, discretion or remedy.

6.3 Variation

This Deed Poll may not be amended or varied unless:

- (a) either:
 - (i) before the Second Court Date, the amendment or variation is agreed to in writing by Bidder and Target (which such agreement may be given or withheld without reference to or approval by any Target Shareholder); or
 - (ii) on or after the Second Court Date, the amendment or variation is agreed to in writing by Bidder and Target (which such agreement may be given or withheld without reference to or approval by any Target Shareholder) and is approved by the Court; and
- (b) Bidder enters into a further Deed Poll in favour of the Participants, giving effect to such amendment or variation.

6.4 Assignment

- (a) The rights and obligations of Bidder and each Participant under this Deed Poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity.
- (b) Any purported dealing in contravention of clause 6.4(a) is invalid.

6.5 Cumulative rights

The rights, powers and remedies of Bidder and the Participants under this Deed Poll are cumulative with the rights, powers or remedies provided by law independently of this Deed Poll.

6.6 Further action

Bidder will promptly do, and its own cost, all things (including executing and delivering all further documents) required by law or that is necessary or desirable to give effect to this Deed Poll and the Scheme and the transactions contemplated by them.

6.7 Governing law and jurisdiction

This Deed Poll is governed by the laws of New South Wales and Bidder irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales.

Executed as a Deed Poll

Dated: 30 May 2014

| | |
|---|---|
| Executed by Heron Resources Limited ACN 068 263 098 pursuant to section 127(1) of the Corporations Act 2001 (Cth): | |
| (X) <u>[Signature]</u> Director/Company Secretary* sign here | (X) <u>[Signature]</u> Director sign here |
| (X) <u>BRYAN HORN</u> Director/Company Secretary* print name here (*Cross-out whichever does not apply) | (X) <u>IAN BUCHHORN</u> Director print name here |

Annexure A

Scheme of Arrangement made under section 411 of the *Corporations Act 2001* (Cth)

PARTIES: TriAusMin Limited (ACN 062 002 475) of Suite 702, 191 Clarence Street, Sydney NSW 2000 (Target)
and
Each Participant

Background

- A. Target is:
- (a) a public company limited by shares;
 - (b) incorporated in Australia and registered in New South Wales;
 - (c) admitted to the official list of ASX and TSX, and Target Shares are officially quoted on the respective stock market conducted by ASX and TSX.
- B. As at 29 May 2014, Target's issued securities comprise of:
- (a) 251,389,050 Target Shares;
 - (b) 8,583,333 unquoted Options; and
 - (c) 1,300,000 convertible notes.
- C. Bidder is:
- (a) a public company limited by shares;
 - (b) incorporated in Australia and registered in Western Australia; and
 - (c) admitted to the official list of ASX and Bidder Shares are officially quoted on the stock market conducted by ASX.
- D. Target and Bidder have entered into the Scheme Implementation Agreement dated 8 March 2014 (**Scheme Implementation Agreement**) pursuant to which, among other things, Target has agreed to propose and (subject to the satisfaction of certain conditions as therein stated) implement this Scheme.
- E. If this Scheme becomes Effective, then:
- (a) all Scheme Shares will be transferred to Bidder on the Implementation Date; and
 - (b) in consideration of the transfer of each Scheme Share to Bidder, Bidder will provide the Scheme Consideration to each Participant in accordance with this Scheme and the Deed Poll.
- F. Bidder has executed the Deed Poll for the purpose of undertaking in favour of the Participants to perform its obligations under this Scheme, including to provide the Scheme Consideration.

Operative Parts

1. Defined terms and interpretation

1.1 Defined terms

In this Scheme:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the market operated by it, as appropriate.

Bidder means Heron Resources Limited (ACN 068 263 098).

Bidder Share means a fully paid ordinary share in the capital of Bidder.

Bidder Share Register means the register of members of Bidder maintained by or on behalf of Bidder in accordance with section 168(1) of the *Corporations Act*.

Business Day means a day in Perth and Sydney which is not a Saturday, Sunday or public holiday and on which banks and ASX are open for trading.

CHES means the Clearing House Electronic Sub-register System.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia or such other court of competent jurisdiction as Target and Bidder may agree in writing.

Deed Poll means the deed poll dated 30 May 2014 executed by Bidder in favour of Participants.

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.

Effective Date means the date on which this Scheme becomes Effective.

Eligible Target Shareholder means a Participant whose address as shown in the Target Share Register on the Record Date is a place within Australia and its external territories, New Zealand, Canada, United States of America (subject to the requirements of any applicable state securities laws), United Kingdom, Hong Kong (provided that (a) that Participant is a "professional investor" (as defined in the Securities and Futures Ordinance of Hong Kong) and/or (b) the number of non-professional investors in Hong Kong does not exceed 50) or Switzerland.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of security, security interest (including any security interests within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)), title retention, preferential right or trust arrangement, claim, covenant, interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind or any other arrangement having the same effect.

Implementation Date means the date which is 5 Business Days after the Record Date or such other date as Target and Bidder agree in writing or required by a Governmental Agency.

Ineligible Target Shareholder means a Participant who is not an Eligible Target Shareholder, unless Bidder is satisfied, acting reasonably, that it is permitted to allot and issue New Bidder Shares to that Participant pursuant to the Scheme by the laws of the place in which its address as shown in the Target Share Register on the Record Date is located.

New Bidder Share means a new Bidder Share to be issued under the Scheme.

Nominee means Patersons Securities Limited (ABN 69 008 896 311), being the nominee appointed by Bidder in accordance with clause 3(b) of the Scheme Implementation Agreement.

Option means an option to acquire a Target Share.

Optionholder means a holder of one or more Options.

Participant means each person who is a Target Shareholder as at the Record Date.

Record Date means 7.00pm on the date which is 5 Business Days after the Effective Date, or any other date agreed by Target and Bidder (with the consent of ASX and/or TSX if necessary).

Scheme Implementation Agreement means the scheme implementation agreement between Target and Bidder dated 8 March 2014.

Scheme means this scheme of arrangement together with any amendment or modification made pursuant to section 411(6) of the Corporations Act and agreed to by Bidder and Target.

Scheme Consideration means the consideration to be provided to Participants under the terms of the Scheme, being 0.4292 New Bidder Shares in respect of every 1 Target Share held by a Participant as at the Record Date.

Scheme Meeting means the meeting to be convened by the Court at which the Target Shareholders will vote on the Scheme, and includes any adjournment of that meeting.

Scheme Share means a Target Share held by a Participant.

Second Court Date means the first day of hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned or subject to appeal for any reason, means the first day on which the adjourned or appealed application is heard.

Share Scheme Transfer means, in respect of each Participant, a duly completed and executed and otherwise proper instrument of transfer of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all of the Scheme Shares.

Target Share means a fully paid ordinary share in the capital of Target.

Target Share Register means the register of members of Target maintained by or on behalf of Target in accordance with section 168(1) of the Corporations Act.

Target Shareholder means each person registered in the Target Share Register as a holder of Target Shares.

TSX means the Toronto Stock Exchange.

1.2 Other terms

Terms not otherwise defined in this Scheme have the same meaning as in the Scheme Implementation Agreement.

1.3 Rules for interpreting this Scheme

The rules specified in clause 16.2 of the Scheme Implementation Agreement apply in interpreting this Scheme, except that any reference to "this agreement" is deemed to be a reference to this Scheme and unless the context makes it clear that a rule is not intended to apply.

1.4 Headings

Headings are for ease of reference only and do not affect the meaning of this Scheme.

1.5 Business Days

Where something is required by this Scheme to be done on a day which is not a Business Day in the place where it is to be done, it must be done on the next day which is a Business Day in that place.

2. Conditions to this Scheme

2.1 Conditions precedent

(a) This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

(i) as at 8.00am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll having been terminated; and

(ii) all of the conditions precedent in clause 4.1 of the Scheme Implementation Agreement having been satisfied, or waived (other than the conditions precedent in clauses 4.1(c), (d) and (e) which cannot be waived), in accordance with the terms of the Scheme Implementation Agreement by the time set out in the Scheme Implementation Agreement.

(b) The satisfaction of each condition in clause 2.1(a) is a condition precedent to the operation of the remainder of this Scheme (other than clause 2.2).

2.2 Certificate in relation to conditions precedent

Target and Bidder must provide to the Court on the Second Court Date, a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their respective knowledge) whether or not the conditions precedent set out in clause 2.1(a) (other than the condition precedent in clause 4.1(d) of the Scheme Implementation Agreement) have been satisfied or waived. The certificates referred to in this clause 2.2 will constitute conclusive evidence that those conditions precedent have been satisfied (or waived).

3. Implementation of Scheme

3.1 Lodgement of Court order

(a) If the conditions set out in clause 2.1(a) (other than the condition precedent in clause 4.1(d) of the Scheme Implementation Agreement to the extent it refers to the lodgement of an office copy of the Court order approving the Scheme with ASIC) are satisfied, Target must lodge with ASIC in accordance with section 411(10) of the Corporations Act, an office copy of the Court order under section 411(4)(b) of the Corporations Act

approving this Scheme by no later than 5.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as Bidder and Target agree in writing.

- (b) The Court order under section 411(4)(b) of the Corporations Act approving this Scheme is taken to have effect on and from the date of lodgement of an office copy of the order with ASIC or such other date as is specified in the order.

3.2 Transfer of Scheme Shares

- (a) On the Implementation Date, in consideration for and subject to and only after the provision of the Scheme Consideration in accordance with clause 4.1 and the issue of New Bidder Shares to the Nominee in accordance with clause 4.2(a)(i), the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Bidder without the need for any further act by any Participant (other than acts performed by Target as attorney and agent for Participants under clause 7.2) by:
 - (i) Target executing and delivering to Bidder as agent and attorney for all Participants, the Share Scheme Transfer to transfer all Scheme Shares to Bidder, without the need for any further act by Participants; and
 - (ii) Bidder duly executing the Share Scheme Transfer and delivering it to Target for registration.
- (b) Immediately after receipt by Target of the Share Scheme Transfer pursuant to clause 3.2(a)(ii), Target must enter the name of Bidder in the Target Share Register in respect of all the Scheme Shares that are the subject to the Share Scheme Transfer.

3.3 Scheme Consideration

On the Implementation Date, in consideration for and prior to the transfer of the Scheme Shares to Bidder, Bidder must provide the Scheme Consideration to each Participant in accordance with clause 4.1 and issue the New Bidder Shares to the Nominee in accordance with clause 4.2(a)(i).

4. Scheme Consideration

4.1 Provision of Scheme Consideration

Subject to clauses 4.2 and 4.3, the obligation of Bidder to provide the Scheme Consideration pursuant to clause 3.3 will be satisfied by Bidder:

- (a) on the Implementation Date, entering the name of each Participant in the Bidder Share Register in respect of those New Bidder Shares which that Participant is entitled to receive under this Scheme; and
- (b) within 3 Business Days after the Implementation Date, sending or procuring the despatch by pre-paid ordinary post (or, if the address of the Participant in the Target Share Register is outside Australia, by pre-paid airmail post) to each Participant to their address recorded in the Target Share Register on the Record Date, a holding statement for the New Bidder Shares issued to that Participant.

4.2 Ineligible Target Shareholders

- (a) If an Ineligible Target Shareholder would otherwise be entitled to receive the Scheme Consideration under clause 4.1, Bidder has no obligation to allot or issue, and will not allot or issue, any New Bidder Shares to a Participant who is an Ineligible Target Shareholder, and instead:
 - (i) Bidder must issue the New Bidder Shares attributable to, and which would otherwise be required to be provided to, the Ineligible Target Shareholders under this Scheme to the Nominee;
 - (ii) Bidder must procure that, as soon as reasonably practicable after the Implementation Date, the Nominee, in consultation with Bidder, sells or procures the sale (including on an aggregated or partially aggregated basis), in the ordinary course of trading on ASX or TSX (at the discretion of the Nominee in consultation with Bidder), of all the New Bidder Shares issued to the Nominee, in such manner, at such price and on such other terms as the

- Nominee (in consultation with Bidder) determines in good faith, and remits to Bidder the proceeds of sale (after deduction of any applicable brokerage, stamp duty and other costs, taxes and charges) (**Proceeds**); and
- (iii) Bidder must pay, or procure the payment, to each Ineligible Target Shareholder the amount calculated in accordance with the following formula and rounded down to the nearest cent:
- $$A = (B + C) \times D$$
- where
- A** is the amount to be paid to that Ineligible Target Shareholder;
- B** is the number of New Bidder Shares attributable to, and that would otherwise have been issued to, that Ineligible Target Shareholder had it not been an Ineligible Target Shareholder and which are instead issued to the Nominee;
- C** is the total number of New Bidder Shares attributable to, and which would otherwise have been issued to, all Ineligible Target Shareholders collectively and which are instead issued to the Nominee; and
- D** is the Proceeds (as defined in clause 4.2(a)(ii)); and
- (iv) none of Bidder, Target or the Nominee gives any assurance as to the price that will be achieved for the sale of New Bidder Shares described in clause 4.2(a)(ii). The sale of the New Bidder Shares under this clause 4.2(a) will be at the risk of the Ineligible Target Shareholder.
- (b) Payment under clause 4.2(a)(iii) is to be made by sending to each Ineligible Target Shareholder by pre-paid airmail post at their address in the Target Share Register a cheque drawn on a bank considered appropriate by Bidder, at the discretion of Bidder, in Canadian dollars, Australian dollars or in the local currency of the country in which the relevant Ineligible Target Shareholder's address appears on the Target Share Register (at the discretion of Bidder). Bidder and Nominee are authorised to effect any conversion of the Proceeds (or any part thereof) in such manner as they deem appropriate (acting reasonably) and to deduct any costs, charges or expenses associated with such conversion from the amount paid to the relevant Ineligible Target Shareholder.

4.3 Fractional entitlements

If the number of Scheme Shares held by a Participant is such that the aggregate entitlement of that Participant to New Bidder Shares is not a whole number, then the entitlement in each case must be rounded down to the nearest whole number.

4.4 New Bidder Shares to rank equally

- (a) Each New Bidder Share issued in accordance with this Scheme will rank equally in all respects with all existing Bidder Shares.
- (b) On issue, each New Bidder Share will be fully paid and free from any Encumbrance

4.5 Joint Holders

In the case of any Scheme Shares held in joint names:

- (a) holding statements for New Bidder Shares issued to Participants must be issued in the names of the joint holders and sent to the holder whose name appears first in the Target Share Register on the Record Date; and
- (b) any cheque required to be paid to Ineligible Target Shareholders by Bidder (or on behalf of Bidder) must be payable to the joint holders and be forwarded to the holder whose name appears first in the Target Share Register on the Record Date.

5. Dealings in Scheme Shares

5.1 Determination of Participants

To establish the identity of the Participants, dealing in Scheme Shares will only be recognised by Target if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Target Share Register as the holder of the relevant Scheme Shares by the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Target Share Register is kept.

5.2 Register

Target must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 5.1(b) on or before the Record Date.

5.3 No disposals after Effective Date

If the Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date.

5.4 Maintenance of Target Share Register

- (a) Target must not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after the Record Date (except for a transfer of Scheme Shares to Bidder pursuant to this Scheme and any subsequent transfer by Bidder).
- (b) For the purpose of determining entitlements to the Scheme Consideration, Target must maintain the Target Share Register in accordance with the provisions of this clause 5 until the Scheme Consideration has been provided to Participants. The Target Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (c) All statements of holding (or any share certificate or other document of title) in respect of Scheme Shares will cease to have effect after the Record Date as documents of title in respect of those Scheme Shares (other than statements of holding, certificates or documents of title in favour of Bidder and its successor in title) and, after the Record Date, each entry current as at the Record Date on the Target Share Register (other than entries in respect of Bidder or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.
- (d) As soon as possible after the Record Date, Target must ensure that details of the names, registered addresses and holdings of Scheme Shares for each Participant as shown in the Target Share Register on the Record Date are available to Bidder in the form Bidder reasonably requires.

6. Quotation of shares

6.1 Quotation of Target Shares

- (a) Target will apply for, and is expected to be granted, the suspension of trading of Target Shares on ASX on and from the close of trading on the Effective Date.
- (b) Target will apply for, and is expected to be granted, the suspension of trading of Target Shares on TSX on and from the close of trading on the Effective Date.
- (c) Target will make an announcement to ASX and apply for termination of official quotation of Target Shares on ASX and to have itself removed from the official list of ASX with effect from the Business Day immediately following the Implementation Date, or from such later date as may be determined by Bidder, acting reasonably.
- (d) Immediately following the Scheme becoming Effective, Target will notify TSX of this event and request the delisting of the Target Shares from TSX and the removal of Target from the official list of TSX.

6.2 Quotation of New Bidder Shares

Bidder will apply for:

- (a) the official quotation of the New Bidder Shares on ASX and will request that those shares be quoted on a deferred settlement basis as from the Business Day following the

Effective Date (or such later date as ASX requires), and on an ordinary settlement basis as from the Business Day after the Implementation Date; and

- (b) the equivalent of the official quotation of the New Bidder Shares on TSX and for those shares to be listed for trading on TSX as soon as practicable following the Effective Date in accordance with the policies of TSX.

7. General provisions

7.1 Consent to Scheme amendments

If the Court proposes to approve this Scheme subject to any alterations or conditions to this Scheme, Target may by its counsel or solicitor consent on behalf of all Participants and all other persons concerned, to those alterations or conditions to which Bidder has consented.

7.2 Power of attorney

Upon the Scheme becoming Effective, each Participant will be deemed to have authorised and appointed Target and each of its directors and secretaries (jointly and severally) as its agent and attorney, or where necessary or appropriate as its corporate representative, to do and execute all acts, matters, things and documents on the part of the Participant necessary or desirable to implement this Scheme, including (without limitation):

- (a) executing any share transfer or transfers in relation to Scheme Shares, and
- (b) enforcing the Deed Poll against Bidder.

7.3 Participants' agreements and representations

- (a) The Participants agree, and Target agrees for and on behalf of all Participants, to the transfer of all of their Scheme Shares (together with all rights and entitlements attaching to their Scheme Shares) to Bidder in accordance with this Scheme.
- (b) Each Participant is taken to have represented and warranted to Bidder and Target that at the date of transfer of all the Scheme Shares (including any rights and entitlements attaching to the Scheme Shares) that are, or are to be, transferred to Bidder under this Scheme:
 - (i) all their Scheme Shares (including any rights and entitlements attaching to those shares) will be fully paid and free from all Encumbrances and restrictions on transfer of any kind; and
 - (ii) it has full power and capacity to sell and to transfer all and each of its Scheme Shares (including any rights and entitlements attaching to those shares) to Bidder under this Scheme.
- (c) Each Participant irrevocably agrees to accept the New Bidder Shares issued by way of Scheme Consideration and agrees to be a member of Bidder and be bound by Bidder's constitution. This clause 7.3(c) does not apply to Ineligible Target Shareholders.

7.4 Title to and rights in Scheme Shares

On and from the Implementation Date, Bidder will be legally and beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Target of Bidder in the Target Share Register as the holder of the Scheme Shares.

7.5 Enforcement of Deed Poll

Target undertakes in favour of each Participant to enforce the Deed Poll against Bidder on behalf of and as agent and attorney for the Participants as specified in clause 7.2.

7.6 Further action by Target

Target will execute all documents and do all things necessary or expedient to implement, and perform its obligations under, this Scheme.

7.7 Authority and acknowledgment

Each Participant:

- (a) irrevocably consents to Target and Bidder doing all things necessary or expedient for or incidental to the implementation of this Scheme;

- (b) acknowledges that this Scheme binds Target and all Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that meeting); and
- (c) acknowledges that, to the extent of inconsistency between this Scheme and Target's constitution, this Scheme overrides Target's constitution.

7.8 Appointment of Bidder as attorney for Scheme Shares

- (a) From the Effective Date until Bidder is registered in the Target Share Register as the holder of all Scheme Shares, each Target Shareholder:
 - (i) without the need for any further act by that Target Shareholder, irrevocably appoints Bidder as its proxy to (and irrevocably appoints Bidder and each of its directors and officers, jointly and severally, as its agent and attorney for the purpose of appointing any director or officer of Bidder as that Target Shareholder's proxy and, where appropriate, its corporate representative to):
 - (A) attend shareholders' meetings of Target;
 - (B) exercise the votes attaching to the Scheme Shares registered in the name of the Target Shareholder; and
 - (C) sign any Target Shareholders' resolution,

(and it is acknowledged and agreed that in exercising such powers the proxy, agent and attorney may act in the interests of Bidder as the intended registered holder of the Scheme Shares); and
 - (ii) must take all other action in the capacity of a Target Shareholder as Bidder reasonably directs.
- (b) From the Effective Date until Bidder is registered in the Target Share Register as the holder of all Scheme Shares, no Target Shareholder may attend or vote at any meetings of Target Shareholders or sign any Target Shareholders' resolution (whether in person, by proxy or by corporate representative) other than under this clause 7.8.

7.9 Notices

Where a notice, transfer, transmission application or other communication referred to in this Scheme is sent by post to Target, it is not deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Target's registered office or Target's share registry.

8. Governing law

- (a) The law in force in New South Wales governs this Scheme.
- (b) Target and the Participants submit to the non-exclusive jurisdiction of the courts of New South Wales.

Annexure F – Summary of Scheme Implementation Agreement

On 8 March 2014, TRO entered into a Scheme Implementation Agreement with HRR which set out the terms and conditions upon which the parties proposed to implement the Scheme.

A summary of the key terms of the Scheme Implementation Agreement is set out below. A copy of the Scheme Implementation Agreement is available from the ASX website or from the SEDAR website under TRO's (TOR) profile.

Conditions precedent to the Scheme

The implementation of the Scheme is conditional upon certain conditions precedent being satisfied or waived before 8.00am on the Second Court Date. These are summarised as follows:

1. **regulatory approvals:** all approvals, waivers and consents required of a Governmental Agency (including specifically, ASIC, OSC, ASX and TSX) to implement the Scheme and any Option Deed, being obtained and not withdrawn, cancelled, revoked, qualified or varied in a manner materially adverse to TRO or HRR, before 8.00am on the Second Court Date. These approvals include:
 - (a) ASX having provided approval and done such other acts that HRR and TRO agree (acting reasonably) are necessary to implement the Scheme, and ASX providing approval (subject to any conditions ASX may reasonably require) for the quotation of the New HRR Shares. This condition can only be waived by HRR and TRO in writing; and
 - (b) TSX having provided approval and done such other acts that HRR considers (acting reasonably) are necessary for the listing and posting for trading on the TSX of the New HRR Shares (subject only to the satisfaction of listing conditions of the TSX). This condition can only be waived by HRR in writing;
2. **Independent Expert opinion:** the Independent Expert having opined that the Scheme is in the best interests of TRO Shareholders;
3. **approval of, consent to and support of the Scheme and related transactions:**
 - (a) TRO Shareholders having approved the Scheme by the Requisite Majority;
 - (b) the Court having approved the Scheme;
 - (c) no Governmental Agency having made any order or legislative restraint remaining in effect at 8.00am on the Second Court Date that prohibits, materially restricts, makes illegal or restrains the completion of the Scheme and related transactions;
 - (d) all TRO Optionholders having agreed for their TRO Options to be cancelled in exchange for options over HRR Shares;
 - (e) to the extent that implementation of the Scheme would require consent or trigger any right of termination or other material right in favour of a person (other than TRO) under any key contract of TRO (which includes the SML 20 Transaction Documents), or any material liability owed by TRO under such contract, all such consents or waivers and release of such rights having been obtained;
 - (f) the TRO Board not withdrawing or varying their recommendation that TRO Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal; and
 - (g) the Supporting TRO Shareholders not changing, qualifying or withdrawing their support for the Scheme before the Scheme Meeting (in the absence of a Superior Proposal);
4. **SML 20 Transaction:** as at 8.00am on the Second Court Date, HRR being satisfied that "Final Completion" under the SML 20 Assignment Deed will occur by 30 June 2014 (or such later date as is agreed by the parties to that Deed) on terms and conditions reasonably acceptable to HRR and otherwise having completed due diligence with respect to Special Mining Lease S(C&PL)L 20 and the results of such due diligence being acceptable to HRR (acting reasonably);

5. no material change in circumstances:

- (a) no HRR Material Adverse Change, TRO Regulated Event or TRO Material Adverse Change occurring before 8.00am on the Second Court Date; and
- (b) the S&P/ASX 200 Index not closing below 4,370 for four or more consecutive Business Days between 8 March 2014 and 8.00am on the Second Court Date; and

6. representations and warranties true: each representation and warranty of HRR and TRO in clause 10 of the Scheme Implementation Agreement being true and correct in all material respects.

As at 30 May 2014, the last practicable day before the date of this Scheme Booklet, the condition described in paragraph 2 above has been and remains satisfied, and TRO is not aware of any circumstances that would cause any of the outstanding conditions described above to become incapable of satisfaction.

Exclusivity

TRO has agreed to certain provisions that restrict it from engaging with the proponent of any Competing Proposal for TRO. In summary:

1. **Existing discussions:** TRO was required to, as at 8 March 2014, request the return or destruction of any confidential information provided, and cease any existing discussions or negotiations in respect of (or which may reasonably be expected to lead to) any Competing Proposal or other material asset disposals or spin-off or other restructuring (other than with HRR's prior written consent).
2. **No shop:** During the Exclusivity Period, TRO must not (and must not communicate an intention to) solicit, invite or initiate any Competing Proposal or any enquiry, negotiation or discussion which may lead to a Competing Proposal.
3. **No talk and no due diligence:** During the Exclusivity Period, TRO must not (and must not communicate an intention to), without the prior written consent of HRR:
 - (a) enter into, continue or participate in any negotiation, discussion, arrangement or understanding in connection with a possible Competing Proposal or other material asset disposals or spin-off or other restructuring; or
 - (b) permit any third party to receive non-public information in respect of any TRO Group member which may lead to that third party formulating, developing or finalising a Competing Proposal or other material asset disposals or spin-off or other restructuring.

The "no talk and no due diligence" restriction described above does not prevent TRO from taking action (or refusing to take action) with respect to a Competing Proposal if the TRO Board determines in good faith and acting reasonably that such Competing Proposal is, or is likely to result in, a Superior Proposal, and (after having received written advice from their legal advisors) failing to respond to such Competing Proposal would reasonably be likely to constitute a breach of their fiduciary or statutory duties, and provided the Competing Proposal was not facilitated by a breach of the "no shop" restriction.

4. **Provision of information:** If TRO provides any non-public information in respect of any TRO Group member to a third party in connection with a Competing Proposal, it must provide such information to HRR at the same time as providing it to the third party.
5. **Notification and matching right:** If TRO receives a Competing Proposal that the TRO Board determines, acting in good faith and acting reasonably to satisfy their fiduciary and statutory duties (after having received written advice from their financial and legal advisers) is, or is likely to result in, a Superior Proposal and therefore wish to change, qualify or withdraw its recommendation, TRO must:
 - (a) notify HRR five Business Days prior to doing so;
 - (b) provide HRR with all material terms of that Competing Proposal to allow HRR to propose a variation to the terms of the Scheme; and

- (c) consider the proposed variation in good faith and if it considers the proposed variation would result in the Competing Proposal no longer being a Superior Proposal, use its reasonable endeavours to agree to any amendment to the terms to the Scheme and the Scheme Implementation Agreement.

Break fees

TRO must pay HRR a break fee of \$250,000 (plus GST, if applicable) in certain circumstances, summarised as follows:

1. any TRO Director withdraws, qualifies or changes his recommendation or support of the Scheme, other than where the Independent Expert has opined that the Scheme is not in the best interests of TRO Shareholders (provided that the reasons for such opinion does not include the existence of a Competing Proposal);
2. TRO announces a Superior Proposal for TRO;
3. a Competing Proposal is announced before 31 December 2014 (or such later date as TRO and HRR agree) and by 8 March 2015, a third party has acquired 20% or more of TRO's total Voting Power and the Competing Proposal is or becomes unconditional; or
4. HRR terminates the Scheme Implementation Agreement for a material breach by TRO or the occurrence of a TRO Material Adverse Change or TRO Regulated Event.

However, no break fee is payable by TRO if the Scheme becomes Effective notwithstanding the occurrence of any of the above events or if TRO is entitled to terminate the Scheme Implementation Agreement for a material breach by HRR. In addition, no break fee will be payable by TRO solely because the Scheme is not approved by the Requisite Majority of TRO Shareholders.

HRR is also obliged to pay TRO a break fee \$250,000 (plus GST, if applicable) if TRO terminates the Scheme Implementation Agreement for a material breach by HRR. However, no break fee is payable by HRR if HRR is entitled to terminate the Scheme Implementation Agreement in certain circumstances (including, for a material breach by TRO, or if there is a TRO Regulated Event or TRO Material Adverse Event).

Representations and warranties

TRO and HRR have given representations and warranties to each other as to information contained in the Scheme Booklet and compliance with disclosure and other obligations, and certain other representations and warranties which are customary for a transaction of this nature.

TRO has also given representations and warranties to HRR in relation to its mining tenements and compliance with the *Mining Act 1992* (NSW).

Termination

The Scheme Implementation Agreement may be terminated at any time before 8.00am on the Second Court Date:

1. **non-satisfaction of conditions precedent:** by either party if a condition precedent for the benefit of that party is not satisfied, has become incapable of being satisfied or is not reasonably capable of being satisfied (or waived, where permitted);
2. **breach:** by either party if the other party breaches any term of the Scheme Implementation Agreement, where such breach is material, provided that if the breach is reasonably capable of remedy, notice of the breach is given by the party not in breach and the breach has not be remedied within five Business Days from the time such notice is given (or any shorter period ending at 8.00 am on the Second Court Date);
3. **break fee payable by TRO:** by TRO if the break fee is payable by TRO and has been paid in full to HRR;
4. **break fee payable by HRR:** by HRR if the break fee is payable by HRR and has been paid in full to TRO;
5. **TRO Regulated Event or TRO Material Adverse Change:** by HRR if there is a TRO Regulated Event or TRO Material Adverse Change, provided notice is provided to TRO of the relevant circumstances upon which HRR proposes to rely and such circumstances have continued to exist

for a period of five Business Days from the time such notice is given (or any shorter period ending at 8.00am on the Second Court Date);

6. **TRO Board recommendation:** by HRR if the TRO Board fails to recommend the Scheme in accordance with the Scheme Implementation Agreement or if any TRO Director withdraws, qualifies or changes his recommendation or support of the Scheme, other than where the Independent Expert has opined that the Scheme is not in the best interests of TRO Shareholders (provided that the reasons for such opinion does not include the existence of a Competing Proposal);
7. **Superior Proposal:** TRO announces a Superior Proposal for TRO; or
8. **Competing Proposal:** a Competing Proposal is announced, made or becomes open for acceptances and, the bidder under the Competing Proposal acquires Voting Power of 20% or more of TRO and the Competing Proposal is, or becomes, unconditional.

Annexure G – Compilation Report on the Merged Entity Unaudited Pro Forma Consolidated Financial Statements



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To the Directors of TriAusMin Limited and Heron Resources Limited

COMPILATION REPORT ON THE UNAUDIED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

We have performed the procedures agreed with you and to report factual findings for the purpose of assessing the unaudited pro forma consolidated financial statements of TriAusMin Limited and Heron Resources Limited as at 31 March 2014. The procedures performed are detailed in the terms of our engagement letter dated 6th May 2014 and described below with respect to the unaudited pro forma consolidated financial statements of TriAusMin Limited and Heron Resources Limited as at 31 March 2014.

Management's responsibility for the procedures agreed

Management are responsible for the adequacy or otherwise of the procedures agreed to be performed by us. You are responsible for determining whether the factual findings provided by us, in combination with any other information obtained, provide a reasonable basis for any conclusions which you or other intended users wish to draw on the subject matter.

Assurance Practitioner's responsibility

Our responsibility is to report factual findings obtained from conducting the procedures agreed. We conducted the engagement in accordance with Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*. We have complied with ethical requirements equivalent to those applicable to Other Assurance Engagements, including independence.

Because the agreed-upon procedures do not constitute either a reasonable or limited assurance engagement in accordance with AUASB standards, we do not express any conclusion and provide no assurance on the unaudited pro forma consolidated financial statements of TriAusMin Limited and Heron Resources Limited as at 31 March 2014. Had we performed additional procedures or had we performed an audit or a review of the pro forma consolidated financial statements in accordance with AUASB standards, other matters might have come to our attention that would have been reported to you.

Factual findings

The procedures performed and the factual findings obtained are as follows:

We have read the accompanying unaudited pro forma consolidated balance sheets of TriAusMin Limited and Heron Resources Limited as at 31 March 2014 and unaudited pro forma consolidated statements of profit or loss and other comprehensive income for the nine months ended 31 March 2014, and have performed the following procedures:

- a. Compared the figures in the column captioned 'TriAusMin Limited' to the unaudited interim financial statements of TriAusMin Limited for the 9 months ended 31 March 2014 and the audited financial statements for the year ended 30 June 2013 respectively and found them to be in agreement.



- b. Compared the figures in the column captioned 'Heron Resources Limited' to the unaudited interim financial statements of Heron Resources Limited for the 9 months ended 31 March 2014 and the audited financial statements for the year ended 30 June 2013 respectively and found them to be in agreement.
- c. Made enquiries of certain officials of TriAusMin Limited who have responsibility for financial and accounting matters regarding;
 - i. The basis for determination of the unaudited pro forma adjustments; and
 - ii. Whether the unaudited pro forma consolidated financial statements comply as to form in all material respects with the published recognition and measurement requirements and regulations of International Financial Reporting Standards.

The officials:

- i. Described to us the basis for determination for the unaudited pro forma adjustments; and
- iii. Stated that the unaudited pro forma consolidated financial statements comply to form in all material aspects with the published recognition and measurement requirements and regulations of International Financial Reporting Standards.
- d. Read the notes to the unaudited pro forma consolidated financial statements and found them to be consistent with the basis described to us for determination of the pro forma adjustments.
- e. Recalculated the application of the pro forma adjustments to the aggregate of the amounts in the columns captioned 'TriAusMin Limited' and 'Heron Resources Limited' as at 31 March 2014 and found amounts in the column captioned 'Consolidated' to be mathematically correct.

A pro forma financial statement is based on management assumptions and adjustments which are inherently subjective. The foregoing procedures are substantially less than an audit or a review, the objective of which is an expression of assurance with respect to management's assumptions, the pro forma adjustments, and the application of the adjustments to the historical financial information. Accordingly we express no such assurance. The foregoing procedures would not necessarily reveal the matters of significance to the pro forma financial statements, and we therefore make no representation about the sufficiency of the procedures of the procedures for the purposes of a reader of such statement.

Yours faithfully

BDO East Coast Partnership

BDO
J Bresolin

John Bresolin

Partner

Sydney 7 May 2014