Heron Resources Limited

ABN 30 068 263 098

Annual Report 30 June 2014

Statutory Information

Sections 1.0, 2.0, 8.0, 9.0, 10.0 will form part of final printed Annual Report

3.0 Corporate Profile

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

KEY DEVELOPMENTS

On 5 August 2014, TriAusMin merged with Heron to create a well-funded company focused on the development of the high-grade **Woodlawn Zinc-Copper Project** located in the Lachlan Fold Belt of New South Wales.

Woodlawn is a Volcanogenic Massive Sulphide (VMS) deposit that was previously mined resulting in the processing of 13.8 million tonnes grading 9.1% zinc, 3.6% lead, 1.6% copper, 74 g/t silver and 0.5 g/t gold. The mine operated between 1978 and 1998 and since its closure and subsequent acquisition, TriAusMin has established a significant underground resource as well as a reserve centered on the tailings generated by the previous operations.

Initially, the merged entity will undertake an exploration program targeting an expansion of the current resource base at Woodlawn, and conduct a feasibility study in relation to the potential development of the project.

In addition to Woodlawn, Heron holds the **Kalgoorlie Nickel Project** (KNP), a very large nickel laterite project located north of Kalgoorlie in Western Australia. Simulus Engineers completed an initial Scoping Study on treating KNP ore using an atmospheric leaching process at a production rate of 10Ktpa nickel to produce a Mixed Hydroxide Product (MHP). The process developed by Simulus incorporates steps for recovering sulphuric acid which is a key input to the leaching process, and encouragingly this has resulted in significantly lower capital and operating costs than for conventional High Pressure Acid Leach (HPAL) plants.

In April 2014 Simulus estimated that a processing plant would have a capital cost of A$236 million (+/-30%). Based on the Simulus estimate, Heron then determined that the total capital cost of developing a project with 10Ktpa nickel production capacity ,including all infrastructure, is estimated at A$356 million (+/-30%). This equates to a capital intensity of US$14.54 per annual pound of nickel production, a "step-change" improvement in the capital cost of developing HPAL nickel laterite plants.

Based on these encouraging results, the production rate was then up-scaled from 10Ktpa to 20Ktpa, with results for a 20Ktpa Scoping Study demonstrating an enhanced business case for the larger scale project. The capital cost for a 20Ktpa development is estimated to be A$660 million (+/- 30%), which equates to a capital intensity of US$13.82 per annual pound of nickel production. Additionally, Simulus has completed work on an initial Front End Engineering Design (FEED) for a 1.5 tonne per hour Demonstration Plant to treat nickel residues and KNP laterite ore.

Heron has also commenced a process seeking a potential funding partner to commercialise the "KNP Optimised Flowsheet". KPMG Corporate Finance has been mandated to assist in this process.

In December 2013, Heron purchased a 19.9% interest in **Golden Cross Resources Limited** (GCR). The Heron investment facilitated a major commitment to the drilling out and expansion of the JORC-compliant Mineral Resource for the Copper Hill copper-gold deposit in the central Lachlan Fold Belt in New South Wales. Drilling commenced in May 2014, focusing on quantifying the shallow higher grade resource within the central Copper Hill "phyllic carapace" mineralisation. Additionally, deep drilling on 100m spaced sections is targeting Northparkes/Ridgeway-style high grade "potassic" pipes beneath the currently defined "phyllic carapace".

CORPORATE GOVERNANCE STATEMENT

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

Following the merger with TriAusMin on 5 August 2014 and the subsequent listing of the Company on the Toronto Stock Exchange ("TSX") which became effective on 19 August 2014, the Company is required to comply with both the ASX and the TSX Corporate Governance requirements. While there are many similarities between the practices of the two jurisdictions, wherever they differ, the Company has adopted what it considers to be the "best practice" of the two requirements. The principle area of difference between the ASX and TSX Corporate Governance requirements is that under the TSX Listing rules, it is a mandatory requirement that the Company establish an Audit Committee, a Remuneration Committee and a Corporate Governance and Nominating ("CGN") Committee and that the minimum three members of the Committee all be Independent. Prior to the merger with TriAusMin, the Company had an existing Audit Committee. Following the merger, the Company has established a Remuneration Committee and a CGN Committee.

As a result of the Company using the services of Allion Legal and Mr Readhead, Heron's Chairman, being a Partner of Allion Legal, he is deemed to be not Independent under Canadian Securities Law. Following the resignation of Dr. Gill on 19 August 2014, the Company has one Independent Director. The Board is in the process of identifying candidates to fill the new Independent Director roles so that it satisfies the minimum three member requirement of the Committees.

The Statement below outlines the main corporate governance practices which are in place at Heron,. Where the Board supports a particular recommendation, but is yet to fully implement it, a complementary policy or practice has also been identified. For ease of disclosure, the Company has used the ASX Corporate Governance "8 Principles" summarised below and where the Company does not comply (or partly complies), the reasons and action items are noted in the main section of the disclosure.

The following additional information about the Company's Corporate Governance practices is set out on the Company's website at **www.heronresources.com.au:**

- Audit Committee Charter;
- Board Charter;
- Code of Business Conduct & Ethics;
- Communication with Shareholders Policy
- Corporate Governance Committee Charter;
- Disclosure and Confidentiality Policy;
- Diversity Policy;
- Health, Safety, Environment & Community Policy;
- Remuneration Committee Charter;
- Risk Management Policy;
- Securities Trading Policy; and
- Whistle Blower Policy.

Principle	ASX Corporate Governance Council Recommendations - 2nd Edition (summary)	Comply
1.	**Lay solid foundations for management and oversight**	
1.1	The Company should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Complies
1.2	The Company should undertake checks before appointing a person as a candidate for election as a Director.	Complies
1.3	The Company should have a written agreement with each Director and Senior Executive.	Complies, although being amended as part of integration post-merger
1.4	The Company Secretary should be accountable directly to the Board, on all matters to do with proper functioning of the Board.	Complies
1.5	The Company should have a Diversity Policy and disclose at the end of each reporting period the proportions of men and women on the board, in executive roles and in the whole organisation.	Complies
1.6	The Company should have a process of evaluating the performance of the Board.	Does not comply
1.7	The Company should have a process of evaluating the performance of its Senior Executives.	Complies
2.	**Structure the Board to add value**	
2.1	The Board should establish a nomination committee.	Partly complies
2.2	The Company should have and disclose a Board skills matrix.	Does not comply
2.3	The Company should disclose information regarding the independence of Directors.	Complies
2.4	A majority of the Board should be independent Directors.	Does not comply
2.5	The Chairman of the Board should be an independent Director.	Does not comply
2.6	The Company should have program for inducting new Directors and professional development.	Complies

3.	Promote ethical and responsible decision making	
3.1	The Company should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the Company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Complies

4.	Safeguard integrity in financial reporting	
4.1	The Board should establish an audit committee.	Partly complies
4.2	The Board should, prior to it approving the entities financial statements, receive from its CEO and CFO a declaration that, in their opinion, the financial statements are "true and fair".	Complies
4.3	The Company should ensure that its external Auditor attends the AGM.	Complies

5.	Make timely and balanced disclosure	
5.1	Establish written policies and procedures designed to ensure compliance with ASX and TSX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Complies

6.	Respect the rights of shareholders	
6.1	The Company should provide information about itself and its governance policies via its website.	Complies
6.2	The Company should implement an investor relations program.	Complies
6.3	The Company should have a process to facilitate and encourage participation at meetings of security holders.	Complies
6.4	The Company should give security holders the option to receive and send communications electronically.	Complies

7.	Recognise and manage risk	
7.1	The Company should establish a risk committee and disclose the policies and procedures it uses to manage risk.	Does not comply
7.2	The Board should review the risk management framework at least annually.	Complies
7.3	The Company should disclose if it does or does not have an internal audit function and if not how it manages internal control processes.	Partly complies
7.4	The Company should disclose whether it has any material economic, environmental and social sustainability risks and how it manages them.	Complies

8.	Remunerate fairly and responsibly	
8.1	The Board should establish a remuneration committee.	Partly complies
8.2	The Company should disclose its remuneration policies regarding remuneration of non-executive Directors, executive Directors and other Senior Executives.	Complies
8.3	A company which has an equity based remuneration scheme, should disclose whether participants are permitted into transactions which limit the economic risk of the scheme.	Complies

Principle 1. Lay Solid Foundations for Management and Oversight

Council Recommendation 1.1

A listed entity should disclose:

a) the respective roles and responsibilities of its board and management; and

b) those matters expressly reserved to the board and those delegated to management.

The Company complies with this recommendation.

The Company has established the functions reserved for the Board and for Senior Executives by the adoption of a formal written Board Charter that details those functions and responsibilities. Section 2 of the Charter details the functions and responsibilities of the Board and Section 6 of the Charter details the functions and responsibilities of the Management or Senior Executives. A copy of this Charter is publicly available for review in the Corporate Governance section of the Company's website.

Council Recommendation 1.2

A listed entity should:

a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and

b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company complies with this recommendation.

The Company undertakes appropriate checks or appoints a consultant to do those checks before appointing or putting forward to security holders a new candidate for election as a Director. Information regarding Directors or new candidates is contained in the annual report and/or the notice of meeting. In accordance with the TSX Corporate Governance practices, the Company has established a Corporate Governance and Nominating Committee which has the role of undertaking appropriate checks before putting forward to security holders a candidate for election.

Council Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company complies with this recommendation.

Each Director or senior executive has a letter of appointment or service contract setting out their role and responsibilities. Currently agreements are being revised pursuant to the merger with TriAusMin.

Council Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company complies with this recommendation.

The Company Secretary organises and attends each board and committee meeting to ensure adherence to proper procedure and report on any corporate governance matters as necessary.

Council Recommendation 1.5

A listed entity should:

a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measureable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

b) disclose that policy or a summary of it; and

c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:

    1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or

    2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under the Act.

The Company complies with this recommendation.

A copy of the Company's Diversity Policy is available on the website.

As at the date of this report, the Company had the following number of women employed in:

	Number of women	Total employees	Proportion of women
Whole organisation	4	18	22%
Management positions	1	7	14%
Board members	-	4	-

The Company does not presently have set targets for the representation of women employees in Senior Executive positions and the Board. However, the Company will seek to promote and increase diversity within the organisation as positions and appropriately skilled candidates are available. The Company is not a "relevant employer" under the Workplace Gender Equality Act.

Council Recommendation 1.6

A listed entity should:

a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company does not currently comply with this recommendation.

The Company does not have a formal process for evaluation of the performance of the Board. At present the Board's performance is evaluated on an ongoing basis by the Chairman and the Managing Director. The Managing Director's performance is formally evaluated by the Chairman and Non-Executive Directors on an annual basis at 30 June.

Council Recommendation 1.7

A listed entity should:

a) have and disclose a process for periodically evaluating the performance of its senior executives; and

b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Company complies with this recommendation.

Senior Executives are evaluated informally on an ongoing process as well as formally on a periodical basis. The formal evaluation comprises the Executive and his or her immediate supervisor separately completing a detailed evaluation form covering performance compared to job description, areas requiring improvement, areas being performed to expectation, areas being performed in excess of expectations and goals for the next 12 months. The Executive and his or her supervisor then exchange forms and meet to discuss them before signing off on an agreed evaluation. A formal performance evaluation was not undertaken in the reporting period.

To comply with the Corporate Governance requirements of the TSX, the Company has established a Remuneration Committee. A responsibility of the Committee will be to evaluate the performance of Senior Executives and make recommendations as to short and long term remuneration. As of the date of this report, the Remuneration Committee met once.

Principle 2. Structure the Board to Add Value

Council Recommendation 2.1

The board of a listed entity should:

a) have a nomination committee which:
   1) has at least three members, a majority of whom are independent directors; and
   2) is chaired by an independent director,

   and disclose:
   3) the charter of the committee;
   4) the members of the committee; and
   5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Company partly complies with this recommendation.

To comply with the Corporate Governance requirements of the TSX, the Company has established a Corporate Governance and Nominating Committee. The charter for the Corporate Governance and Nominating Committee is in the Corporate Governance section on the Company website. As at the date of this report the Committee has only two members.

The Corporate Governance and Nominating Committee is currently undergoing a search for a new Independent Director and once appointed the Company will comply with Recommendation 2.1.

Council Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Company does not currently comply with this recommendation.

The Company is in the process of establishing a formal board skills matrix. The skills and diversity of the current Board members is disclosed in the Directors report.

Council Recommendation 2.3

A listed entity should disclose:

a) the names of the directors considered by the board to be independent directors;

b) if a director has an interest, position, association or relationship of the type that might cause doubts about their independence but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

c) the length of service of each director.

The Company complies with this recommendation.

The Board considers Mr Readhead and Mr Dennis to be independent directors within the ASX Corporate Governance Guidelines. Their length of service is 13 years for Mr Readhead and 8 years for Mr Dennis. Due to the Company receiving Legal advice from Allion Legal, of which Mr Readhead is a Partner, Mr Readhead is not considered to be an Independent Director under Canadian Securities Law.

Council Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

The Company does not currently comply with this recommendation.

The Company complied with this recommendation until the resignation of Dr James Gill on 19 August 2014. The Corporate Governance and Nominating Committee is currently undergoing a search for new Independent Directors and once appointed the Company will comply with Recommendation 2.4.

Council Recommendation 2.5

The Chairman of the Board should be an independent director

The company does not comply with this recommendation.

Due to the Company receiving Legal advice from Allion Legal, of which Mr Readhead is a Partner, Mr Readhead is not considered to be an independent director under Canadian Securities Law.

Council Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Company complies with this recommendation.

The recently established Corporate Governance and Nominating Committee, has, as one of its Charter responsibilities, the induction of new Directors and to provide appropriate professional development opportunities for Directors. The Company's existing Human Resources Manual is available as a resource for Directors.

Principle 3.   Act Ethically and Responsibly

Council Recommendation 3.1

A listed entity should:

a) have a code of conduct for its directors, senior executives and employees; and

b) disclose that code or a summary of it.

The Company complies with this recommendation.

The Code of Conduct is publicly available in the Corporate Governance section on the Company's website.

Principle 4. Safeguard integrity in corporate reporting

Council Recommendation 4.1

The board of a listed entity should:

a) have an audit committee which:
   1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
   2) is chaired by an independent director, who is not the chair of the board,

   and disclose:
   3) the charter of the committee;
   4) the relevant qualifications and experience of the members of the committee; and
   5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Company partly complies with this recommendation.

The Company complied with this recommendation until the resignation of Dr James Gill on 19 August 2014. The Corporate Governance and Nominating Committee is currently undergoing a search for new Independent Directors and once appointed to the Audit Committee, the Company will comply with Recommendation 4.1. The Company has an audit committee charter which is available on the Company's website and the information about the members is in the Directors Report.

Council Recommendation 4.2

The board of a listed entity, before it approves the entity's financial statements for a financial period, should receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company complies with this recommendation.

Council Recommendation 4.3

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The Company complies with this recommendation.

Principle 5. Make Timely and Balanced Disclosure

Council Recommendation 5.1

A listed entity should:

a) have a written policy for complying with its continuous disclosure obligations under the ASX and TSX Listing Rules; and

b) disclose that policy or a summary of it.

The Company complies with this recommendation.

The continuous disclosure policy is publicly available for review in the Corporate Governance Section of the Company's website.

Principle 6. Respect the rights of security holders

Council Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

The Company complies with this recommendation.

Council Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company complies with this recommendation.

The shareholder communication policy is publicly available for review in the Corporate Governance Section of the Company's website. The Company has investor relations contact details on the website for investors to contact the Company in both North America and Australia.

Council Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Company complies with this recommendation.

The shareholder communication policy is publicly available for review in the Corporate Governance Section of the Company's website.

Council Recommendation 6.4

A listed entity should give security holders the option to receive communications from the entity and its security registry electronically.

The Company complies with this recommendation.

Security holders, via the security registry in Australia and North America, are able to receive communications electronically and vote at security holders meetings electronically.

Principle 7. Recognise and Manage Risk

Council Recommendation 7.1

The board of a listed entity should:

a) have a committee or committees to oversee risk, each of which:
   1) has at least three members, a majority of whom are independent directors; and
   2) is chaired by an independent director,

   and disclose:
   3) the charter of the committee;
   4) the members of the committee; and
   5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Company does not currently comply with this recommendation.

The Company does not currently comply with this recommendation in that it does not have formal policies for the oversight and management of material business risks as it believes the internal controls it has in place as disclosed below are sufficient for a company of Heron's size and operations.

The Board takes the recognition and management of risk extremely seriously and it examines and considers areas of significant business risk on an ongoing basis and implement actions to minimise exposure to these risks. The Board is assisted in their review of risk management by the management team who must report to the Board on all areas of risk in their respective area on a routine monthly basis and sooner if the matter is urgent.

Arrangements put in place by the Board to oversee and manage the Company's material business include:

- Detailed strategic plans compiled by the Managing Director as part of annual programs and budgets which document the plan and areas of risk to those plans;
- Detailed monthly reporting by the Managing Director and management team in respect of the Company's operations;
- Weekly management meetings designed to monitor each business area within the Company including material business risks within those areas;
- Completion of monthly statements of financial performance, financial position and cash flows compared to budget; and
- Periodic formal risk reviews facilitated by a specialist risk consultancy.

The risk management policy of the Company will continue to be developed as its operations and areas of potential risk continue to evolve.

The Managing Director has been nominated as the person responsible for Health, Safety, Environment and Community matters, and the Managing Director reports to the Board as a specific agenda item at its monthly meeting.

Council Recommendation 7.2

The board or a committee of the board should:

a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and

b) disclose, in relation to each reporting period, whether such a review has taken place.

The Company complies with this recommendation.

The Board requires management to provide a monthly report to the Board which details the activities of the Company. Within this report management is expected to provide a report on the management of material risks within the Company and how those risks are being handled, especially in areas such as Health, Safety, Environment and Community. The Board will then raise any queries or questions it has in relation to those risks directly with the responsible manager. Senior management attends the monthly Board meetings by invitation to present on those agenda items within their area of responsibility. Further, the audit committee reviews risk management as part of its charter and reports to the Board with any issues that it identifies.

Council Recommendation 7.3

A listed entity should disclose:

a) if it has an internal audit function, how the function is structured and what role it performs; or

b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Company currently partly complies with this recommendation.

The Company does not have an internal control function. The process for continually improving the effectiveness of its risk management and internal control processes is the same as 7.2.

Council Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company complies with this recommendation.

The governance section of the Company web site contains the HSEC policy and risk management policy and there is also a sustainability section on the web site.

Principle 8. Remunerate Fairly and Responsibly

Council Recommendation 8.1

The board of a listed entity should:

a) have a remuneration committee which:

   1) has at least three members, a majority of whom are independent directors; and

   2) is chaired by an independent director.

   And disclose:

   3) the charter of the committee;

   4) the members of the committee; and

   5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Company currently partly complies with this recommendation.

Following the resignation of Dr James Gill on 19 August 2014, the Company currently has a remuneration committee with two members. The third position on the Committee will be filled once the new Independent Director is elected. The information about the current members of the Committee is in the Directors report and the charter is in a Corporate Governance section of the Company web site.

Council Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company complies with this recommendation.

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

Council Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

b) disclose that policy or a summary of it.

The Company complies with this recommendation.

The policy of the Company is that participants are not permitted to enter into hedging or other derivative instruments that might limit the economic risk of the scheme. The policy is in the corporate governance section of the Company website.

4.0 Directors' Report

The Directors submit their Report on the Company and its controlled entities for the year ended 30 June 2014.

DIRECTORS

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

Director Craig Leslie Readhead - B.Juris. LL.B.
Appointed 23 November 2001
Position Chairman (Non-Executive), Chairman of Remuneration Committee, Chairman of Corporate Governance & Nominating Committee

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

Other current directorships

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

Former directorships in last 3 years

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

Director Wayne Taylor - B.Eng (Mining), MBA
Appointed 11 August 2014
Position Managing Director and CEO

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

Other current directorships

None

Former directorships in last 3 years

Managing Director and CEO of TriAusMin until August 2014.

Director Ian James Buchhorn - BSc (Hons), Dip Geosci (Min Econ), MAusIMM.
Appointed 17 February 1995
Position Executive Director

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

Other current directorships

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

Former directorships in last 3 years

None

Director Stephen Bruce Dennis - BCom BLLB GDipAppFin(Finsia) CFTP.

Appointed 05 December 2006

Position Director (Non-Executive), Chairman of Audit Committee, Member of Remuneration Committee, Member of Corporate Governance & Nominating Committee

Stephen Dennis has been actively involved in the mining industry for 30 years. He has held senior management positions at MIM Holdings Limited, Minara Resources Limited, and Brambles Australia Limited.

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.

Other current directorships

Managing Director of CBH Resources Limited since November 2007

Non-executive Chairman of Cott Oil and Gas Limited since January 2013

Former directorships in last 3 years

None

Director James Gill - Bsc, Msc, PhD.

Appointed 11 August 2014 – Resigned 18 August 2014

Position Deputy Chairman (Non-Executive)

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

Other current directorships

Thundermin Resources Inc (TSX:THR)

Former directorships in last 3 years

Orezone Gold (TSX: ORE) until August 2011

TriAusMin Ltd until August 2014

SENIOR EXECUTIVE OFFICERS

Exploration Manager

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

Financial Controller and Joint Company Secretary

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

Chief Financial Officer and Joint Company Secretary

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

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 leading independent Perth-based corporate advisor, where he worked for nine years advising boards and senior executives across a range of industries including mining, oil & gas and related services on business development, corporate strategy, finance, and mergers and acquisitions. Prior to his arrival in Australia in 2002 Mr Kempson spent five years with investment banks Commerzbank AG and Barclays Capital in London and Germany, and four years working in technical roles for Logica (now part of CGI Group).

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year were:

- Base and precious metal mineral exploration and development through sole funded and joint venture activities; and
- The evaluation of various corporate opportunities in the resources industry, leading to the recent merger with TriAusMin.

OPERATING RESULTS

The loss of the consolidated entity for the 2014 financial year after income tax of nil (2013: nil) was $6,389,236 (2013: $10,483,306).

DIVIDENDS

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

OPERATIONS REVIEW

The detailed review of operations of the Consolidated Entity for the year is contained in Section 2.0 of this Annual Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than noted below there were no significant changes in the state of affairs of the Consolidated Entity during the year.

Golden Cross Resources Limited Placement

On 16 December 2013 Heron announced that it had submitted a binding proposal to take a strategic equity interest in Golden Cross Resources Limited (Golden Cross). Heron, subject to the satisfaction of certain limited conditions, offered to subscribe for 375,970,579 Golden Cross new shares at $0.005 to raise $1,879,853 representing 19.9% of the then issued capital of Golden Cross. Controlling Golden Cross shareholder HQ Mining subsequently submitted a competing proposal in response to the Heron Offer, and Golden Cross shareholders voted on the two competing offers at their 27 February 2014 EGM. The Heron placement proposal was adopted, and Ian Buchhorn became a Non-executive Director of Golden Cross.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than noted at the date of this Report there is no matter or circumstance which has arisen since 30 June 2014 that has significantly affected or may significantly affect:

- The operations, in the financial years subsequent to 30 June 2014, of the Consolidated Entity;
- The results of those operations; or
- The state of affairs, in the financial years subsequent to 30 June 2014, of the Consolidated Entity.

A Scheme of Arrangement with TriAusMin became effective on 5 August 2014. Details of the Scheme of arrangement are contained in the scheme booklet (ASX release date 6 June 2014). Following the implementation of the merger, TriAusMin shareholders were issued with 1 Heron share for every 2.33 TriAusMin shares held. This resulted in the issue of 107,891,936 new Heron shares which became available to trade on both the ASX and TSX effective on 20 August 2014.

OPTIONS

No Options were issued or exercised during the year.

Subsequent to 30 June 2014 the following Options were issued as part of the transfer of TriAusMin options to Heron options based on the same ratio as the share issue (1 Heron option for every 2.33 TriAusMin options):

Number Issued	Expiry Date	Exercise Price
171,674	23 October 17	$0.14
85,836	27 June 16	$0.27
21,459	23 June 15	$0.58
21,459	13 June 17	$0.22
21,459	13 March 18	$0.15
214,592	18 November 15	$0.23
85,837	21 November 17	$0.23
21,459	4 February 17	$0.27
21,459	23 October 17	$0.14
858,369	19 March 16	$0.37
858,369	20 November 18	$0.09
21,459	22 February 18	$0.17
21,459	31 January 19	$0.09

The following Options expired during the year:

Number Issued	Expiry Date	Exercise Price
4,500,000	5 June 2014	$2.50
4,818,776	9 June 2014	$0.30
2,600,000	25 June 2014	$0.425
4,750,000	23 June 2014	$0.22

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

Date Options Granted	Expiry Date	Number Issued	Exercise Price
29 November 2006	7 September 2016	5,000,000	$0.6864
19 November 2011	23 June 15	2,500,000	$0.27
19 November 2011	23 June 16	2,500,000	$0.31
5 October 2012	16 January 2015	333,333	$0.22
5 October 2012	16 January 2016	333,333	$0.27
5 October 2012	16 January 2017	333,334	$0.31
3 April 2013	5 March 2016	1,000,000	$0.22
3 April 2013	5 March 2017	1,000,000	$0.27
3 April 2013	5 March 2018	1,000,000	$0.31
11 August 2014	23 October 17	193,133	$0.14
11 August 2014	27 June 16	85,836	$0.27
11 August 2014	23 June 15	21,459	$0.58
11 August 2014	13 June 17	21,459	$0.22
11 August 2014	13 March 18	21,459	$0.15
11 August 2014	18 November 15	214,592	$0.23
11 August 2014	21 November 17	85,837	$0.23
11 August 2014	4 February 17	21,459	$0.27
11 August 2014	19 March 16	858,369	$0.37
11 August 2014	20 November 18	858,369	$0.09
11 August 2014	22 February 18	21,459	$0.17
11 August 2014	31 January 19	21,459	$0.09

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

LIKELY DEVELOPMENTS

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

DIRECTORS AND KEY MANAGEMENT PERSONNEL SHAREHOLDINGS IN THE COMPANY

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

Directors	Ordinary Shares		Option over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
C L Readhead	-	1,546,958	-	-
I J Buchhorn	2,518,241	44,072,718	2,000,000	5,000,000
S B Dennis	-	550,000	-	-
W Taylor	168,618	627,295	1,716,738	-
Key Management Personnel				
D von Perger	296,692	-	2,000,000	-
B P Horan	-	-	1,000,000	-
S Smith	72,961	60,000	-	-
C Kempson	-	2,383,491	-	3,000,000

DIRECTORS MEETINGS

During the year the Company held 14 meetings of Directors. The attendance of the Directors at meetings of the Board were:

Director	Meetings held while a director	Number of meetings attended	Audit Committee Meetings
C L Readhead	14	14	2
I J Buchhorn	14	14	2
S B Dennis	14	14	2

REMUNERATION REPORT

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

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

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

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

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

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

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

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

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

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

The agreement with **Mr Horan** requires the provision of his services as Financial Controller of the Company and contains the following major provisions:

- No fixed term;
- Current base salary of $202,000 exclusive of superannuation; and
- Termination can be made by either Mr Horan or the Company by giving not less than three months notice.

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

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

Non-executive Directors, Craig Readhead and 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 the Company in a general meeting on the 5 June 2007.

There is no direct link between non-executive Directors fees and corporate performance. There are no termination or retirement benefits for non-executive Directors (other than statutory superannuation).

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

	Short-term ---------benefits--------		Post-employment --------benefits-------		Termination payments	Share-based payment options	Total
	Cash salary & fees	Non-cash	Super	Retirement			
	$	$	$	$	$	$	$
Directors							
C L Readhead	100,000	-	-	-	-	-	100,000
I J Buchhorn	321,101	4,085	29,702	-	-	276,404	631,292
S B Dennis	73,000	-	6,753	-	-	-	79,753
W Taylor [1]	-	-	-	-	-	-	-
Key Management Personnel							
D von Perger	261,468	10,041	24,186	-	-	30,815	326,510
B Horan	201,835	-	18,670	-	-	15,407	235,912
C Kempson	261,468	-	24,186	-	-	111,160	396,814
S Smith [1]	-	-	-	-	-	-	-
Total	1,218,872	14,126	103,497	-	-	433,786	1,770,281

[1] Mr Taylor and Mr Smith became a Key Management Personnel effective from 5 August 2014

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

Share based payments included above for Mr Buchhorn is 89% performance related. Share based payments for key management personnel are not performance related. The share based payment remuneration not performance related is based on 1, 2 or 3 year vesting period.

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

Conditions	**Number Issued**
The Company must achieve Full Ramp Up (production rate of equal to or greater than the design capacity for at least one quarter) for the KNP laterite project within ten years.	5,000,000
Vesting two years after 23 June 2011	2,500,000
Vesting three years after 23 June 2011	2,500,000
Vesting one year after 5 March 2013	1,000,000
Vesting two years after 5 March 2013	1,000,000
Vesting three years after 5 March 2013	1,000,000
	13,000,000

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

Name	Grant date	Vesting date	Expiry date	Exercise price	Number	Performance achieved	Option value at grant date	% vested in year
Ian Buchhorn	29-Nov-06	n/a	7-Sep-16	$0.6864	5,000,000	No	$0.4791	0%
	19-Nov-11	23-Jun-13	23-Jun-15	$0.27	1,000,000	n/a	$0.075	0%
	19-Nov-11	23-Jun-14	23-Jun-16	$0.31	1,000,000	n/a	$0.082	100%
Bryan Horan	19-Nov-11	23-Jun-13	23-Jun-15	$0.27	500,000	n/a	$0.075	0%
	19-Nov-11	23-Jun-14	23-Jun-16	$0.31	500,000	n/a	$0.082	100%
Dave Von Perger	19-Nov-11	23-Jun-13	23-Jun-15	$0.27	1,000,000	n/a	$0.075	0%
	19-Nov-11	23-Jun-14	23-Jun-16	$0.31	1,000,000	n/a	$0.082	100%
Charlie Kempson	3-Apr-13	5-Mar-14	5-Mar-16	$0.22	1,000,000	n/a	$0.066	100%
	3-Apr-13	5-Mar-15	5-Mar-17	$0.27	1,000,000	n/a	$0.07	0%
	3-Apr-13	5-Mar-16	5-Mar-18	$0.31	1,000,000	n/a	$0.076	0%

INSURANCE OF OFFICERS

During the financial year the Company has paid an insurance premium in respect of a Directors' and Officers' Liability Insurance Contract. The insurance premium relates to liabilities that may arise from an officers position within the Company, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain personal advantage.

The officers covered by the insurance policies are the Directors and Officers of the Company.

The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of premium.

CORPORATE GOVERNANCE

The Company has undertaken a thorough review of its Corporate Governance practices and policies in accordance with both the TSX and ASX Corporate Governances Best Practices Recommendations. The Consolidated Entity's Corporate Governance Statement is contained in Section 3.0, the Corporate Profile section of the Annual Report.

ENVIRONMENTAL REGULATION

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

ABORIGINAL CULTURE AND HERITAGE

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

NON-AUDIT SERVICES

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

AUDITOR

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

The Audit Committee is satisfied that the approval:

i) is consistent with maintaining the quality of the audit provided to the company

ii) would not give rise to a conflict of interest situation (as defined in s324CD)

ROUNDING OFF

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

Signed in accordance with a resolution of Directors

C L READHEAD
Chairman

Perth, 26 September 2014

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Heron Resources Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) No contraventions of any applicable code of professional conduct in relation to the audit.

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

BUTLER SETTINERI (AUDIT) PTY LTD

LUCY P GARDNER
Director

Perth
Date: 26 September 2014

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Proactive ▸ Quality ▸ Supportive

Butler Settineri (Audit) Pty Ltd ABN 61 112 942 373
Liability limited by a scheme approved under Professional Standards Legislation

5.0 Financial Statements

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Consolidated Entity 2014 $'000	Consolidated Entity 2013 $'000
REVENUES FROM CONTINUING ACTIVITIES	2	1,389	1,869
Accountancy fees		(26)	(4)
Audit		(38)	(43)
Consultants		(155)	(339)
Depreciation expense	3(a)	(54)	(110)
Directors fees		(173)	(202)
Wages, salaries & employee benefits		(309)	(571)
Insurance		(57)	(61)
Legal		(183)	(457)
Equity settled share based payments	14(b)	(449)	(1,322)
Other expenses from ordinary activities	3(b)	(598)	(726)
Exploration expenditure expensed as incurred	9	(3,497)	(2,971)
Exploration expenditure written off	9	(405)	(108)
Exploration & evaluation impairment	9	-	(1,600)
Investment impairment	6(a) & (b)	(1,834)	(3,450)
PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(6,389)	(10,095)
INCOME TAX EXPENSE	4	-	-
PROFIT (LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		(6,389)	(10,095)
NET PROFIT (LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		(6,389)	(10,095)
OTHER COMPREHENSIVE INCOME			
Changes in market value of financial assets	14(c)	-	(388)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(6,389)	(10,483)
		$	$
Basic earnings per Share	21	(0.02526)	(0.03990)
Diluted earnings per Share	21	(0.02526)	(0.03990)

The financial statements of the Company are International Financial Reporting Standards (IFRS) compliant.

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	Consolidated Entity 2014 $'000	2013 $'000
CURRENT ASSETS			
Cash and cash equivalents	15(c)	32,915	39,597
Trade and other receivables	5	337	371
Investments	6(a)	1,359	61
TOTAL CURRENT ASSETS		34,611	40,029
NON-CURRENT ASSETS			
Trade and other receivables	7	35	35
Investments	6(b)	3,321	3,275
Property, plant and equipment	8	58	97
Exploration and evaluation costs carried forward	9	4,578	5,070
TOTAL NON-CURRENT ASSETS		7,992	8,477
TOTAL ASSETS		42,603	48,506
CURRENT LIABILITIES			
Trade and other payables	10	281	347
Provisions - employee entitlements	11	560	457
TOTAL CURRENT LIABILITIES		841	804
TOTAL LIABILITIES		841	804
NET ASSETS		41,762	47,702
EQUITY			
Contributed equity	12	116,035	116,035
Revaluation reserve	14(c)	-	-
Option reserve	14(b)	2,441	5,591
Accumulated losses	14(a)	(76,714)	(73,924)
TOTAL EQUITY		41,762	47,702

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Issued Capital $'000	Accumulated Losses $'000	Revaluation Reserve $'000	Option Reserve $'000	Total $'000
As at 30 June 2013		116,035	(73,924)	-	5,591	47,702
Total comprehensive income for the year		-	(6,389)	-	-	(6,389)
Issue of share capital	12	-	-	-	-	-
Option reserve transfer on exercise	12	-	-	-	-	-
Option reserve write back	14(b)	-	3,599	-	(3,599)	-
Cost of share based payments	14(b)	-	-	-	449	449
As at 30 June 2014		116,035	(76,714)	-	2,441	41,762
As at 30 June 2012		116,035	(67,799)	388	8,239	56,863
Total comprehensive income for the year		-	(10,095)	(388)	-	(10,483)
Issue of share capital		-	-	-	-	-
Option reserve transfer on exercise		-	-	-	-	-
Option reserve write back	14(b)	-	3,970	-	(3,970)	-
Cost of share based payments	14(b)	-	-	-	1,322	1,322
As at 30 June 2013		116,035	(73,924)	-	5,591	47,702

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Consolidated Entity 2014 $'000	Consolidated Entity 2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		1,419	1,796
Payments to suppliers		(1,516)	(2,342)
NET CASH USED IN OPERATING ACTIVITIES	15(a)	(97)	(546)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration expenditure		(3,402)	(3,168)
Purchase of investments	6	(3,180)	-
Sale of investments	6	3	146
Acquisition of plant and equipment		(15)	(10)
Proceeds from sale of plant and equipment		9	4
NET CASH USED IN INVESTING ACTIVITIES		(6,585)	(3,028)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans to controlled entities		-	-
Proceeds from issue of shares		-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		-	-
NET INCREASE / (DECREASE) IN CASH HELD		(6,682)	(3,574)
Cash at the beginning of the reporting period		39,597	43,171
CASH AT THE END OF THE REPORTING PERIOD	15(c)	32,915	39,597

The accompanying notes form part of these financial statements

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. STATEMENT OF ACCOUNTING POLICIES

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

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

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

a) Basis of preparation

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

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

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

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

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

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

b) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the company is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

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

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

c) Income tax

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

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

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

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

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

d) Segment reporting

A segment is a distinguishable component of the Company that is engaged in the minerals industry in Australia. The Company's activities are divided into three main categories:

KNP - Tenements related to the Kalgoorlie Nickel Project.

Yerilla - Tenements related to Jump up Dam, Boyce Creek and Aubils.

Exploration - Tenements not KNP or Yerilla related, and are predominantly located in the Lachlan Fold Belt of NSW.

e) Revenue recognition

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

f) Property, plant and equipment

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

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

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

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

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

g) Exploration, evaluation, development and restoration costs

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

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

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

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

h) Investments

Investments held by the Company are classified as being available-for-sale financial assets and are stated at fair value, being the market value of the shares held at balance date. Where a reduction in value is significant or prolonged it is recognised as impairment in the 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 the Company on the date it commits to purchase/sell the investment. Securities held to maturity are recognised/derecognised on the day they are transferred to/by the Company.

i) Investments in associated entities

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

j) Trade and other receivables

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

k) Cash and cash equivalents

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

l) Impairment

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

m) Interest-bearing borrowings

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

n) Employee benefits

(i) Wages and salaries, annual leave

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

(ii) Long service leave

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

o) Share-based payment transactions

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

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 the shares of Heron Resources Limited ("market conditions").

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

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

p) Provisions

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

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

q) Trade and other payables

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

r) Dividends

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

s) Goods and services tax

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

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

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

t) Contributed equity

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

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

u) Critical accounting estimates and assumptions

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

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

v) Significant accounting judgments, estimates and assumptions

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

Capitalisation of exploration and evaluation expenditure

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

Impairment of property, plant and equipment

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

Share based payment transactions

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

w) New accounting standards and interpretations

The Australian Accounting Standards Board has published various pronouncements that are not mandatory for the 30 June 2014 reporting period. The Company has reviewed all these pronouncements and assessed their applicability and the likely impact on the Company's accounting policies. While several pronouncements do not apply to the Company's current activities the expected impact of those relevant to the Company are set out below:

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2015)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is not likely to affect the Company's accounting for its financial assets.

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materialty and Financial Instruments (effective from 1 January 2014)

This standard withdraws the substantive content in AASB 1031 and provides signpost references to materiality in other Australian Accounting Standards and is not likely to affect the Company.

AASB 2014-1 Amendments to Australian Accounting Standards (effective from 1 July 2014)

AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality as each standard is amended for another purpose and is not likely to affect the Company.

IFRS 9 Financial Instruments (effective from 1 January 2018)

IFRS 9 has revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices and is not likely to affect the Company.

IFRS 15 Revenue from contracts with customers (effective from 1 January 2017)

IFRS 15 makes changes to revenue recognition requirements and is not likely to affect the Company.

IAS 27 Equity method in separate financial statements (effective from 1 January 2016)

IAS 27 will allow entities to use the equity method to account for its interest in subsidiaries, joint venture and associates in separate financial statements and is not likely to affect the Company.

x) Capital risk management

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

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

During 2014 the Group's strategy, which was unchanged from 2013, was to maintain a current account balance sufficient to meet the Company's day to day expenses with the balance held in term deposits.

	Consolidated Entity	
	2014 $'000	2013 $'000

NOTE 2. REVENUE FROM ORDINARY ACTIVITIES

	2014 $'000	2013 $'000
Revenues from continuing activities		
Sale of tenements	-	34
Sale of fixed assets	8	3
Profit / (loss) on sale of investments	-	9
Interest received - other persons/corporations	1,331	1,818
Sundry income	50	5
Total revenues from continuing activities	1,389	1,869

NOTE 3. PROFIT / (LOSS) FROM ORDINARY ACTIVITIES

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

	2014 $'000	2013 $'000
a) Depreciation expense		
Plant & equipment	(17)	(61)
Office equipment & furniture	(20)	(25)
Motor vehicles	(17)	(24)
	(54)	(110)
b) Other expenses includes the following:		
Payroll tax	(7)	(29)
Rental expenses	(264)	(243)
Stock exchange	(46)	(50)
Travel & accommodation	(52)	(89)
Office expenses and supplies	(79)	(102)
Computer support services	(48)	(72)
Report expenses and printing	(25)	(52)
Conferences and seminars	(10)	(8)
Donations	(20)	(21)
Miscellaneous expenses	(47)	(60)
Total other expenses	(598)	(726)

NOTE 4. INCOME TAX

	2014 $'000	2013 $'000
a) Temporary differences carried forward	-	-
Current Tax	-	-
Deferred tax	-	-

The Heron Resources Limited group of companies tax was consolidated on 1 July 2003 - there are no tax sharing and/or tax funding agreements in place.

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

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

Heron Resources Limited is the head entity for the group.

		Consolidated Entity	
		2014 $'000	2013 $'000
b)	Numerical reconciliation of income tax expense to prima facie tax payable is as follows:		
	Profit (loss) from operations before income tax expense	(6,389)	(10,095)
	Tax at Australian tax rates of 30% (2013 also 30%)	(1,917)	(3,029)
	Tax effect of non-temporary differences	203	557
	Tax effect of equity raising costs debited to equity	-	-
	Over or under provision from previous years	-	-
	Tax effect of tax losses and temporary differences not recognised	1,714	2,472
	Income tax expense	-	-
c)	There is no amount of tax benefit recognised in equity as the tax effect of temporary differences has not been booked		
d)	Tax Losses - Revenue		
	Unused tax losses for which no tax loss has been booked as a DTA adjusted for non temporary differences	77,535	73,801
	Potential tax benefit at 30%	23,261	22,140
e)	Unrecognised temporary differences		
	Non deductible amounts as temporary differences	(7,130)	(5,924)
	Accelerated deductions for tax compared to book	(493)	282
	Total at 100%	(7,623)	(5,642)
	Potential effect on future tax expense for temporary differences at 30%	(2,287)	(1,693)
f)	There are no franking credits available for future years		

NOTE 5. TRADE AND OTHER RECEIVABLES – CURRENT

Prepayment - rent	23	23
Prepayment - software	4	7
Prepayment - subscriptions	-	7
Prepayment - insurance	4	-
Accrued interest	157	245
Goods & services tax paid	24	21
Sundry Debtors	125	68
	337	371

NOTE 6(a). INVESTMENTS IN ENTITIES - CURRENT

Southern Cross Goldfields Limited (SXG) is an Australian listed public exploration with 887,450,815 fully paid ordinary shares on issue. Heron holds 5,875,528 fully paid shares at 30 June 2014, which have been valued at the closing price on that day.

Radar Iron Limited (RAD) is an Australian listed public exploration company with 98,540,070 fully paid ordinary shares on issue. Heron held 75,000 fully paid shares which were sold in January 2014.

TriAusMin Limited was an Australian listed public exploration company prior to merging with Heron Resources Limited. Heron purchased 1.3 million convertible notes which are carried at face value and will eliminate on consolidation post merge.

Consolidated Entity

	2014 $'000	2013 $'000
Investments in other entities at fair value		
Southern Cross Goldfields Limited:		
Cost	1,092	1,092
Impairment	(1,033)	(1,033)
Carrying value	59	59
Radar Iron Limited:		
Cost	14	14
Impairment	(12)	(12)
Disposal	(2)	-
Carrying value	-	2
TriAusMin Limited:		
Cost	1,300	-
Carrying value	1,300	-
Summary		
Total cost of investments	2,392	1,106
Impairment brought forward	(1,033)	(875)
Impairment for year ended June 2014	-	(170)
Total carrying value	1,359	61

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

A1 Consolidated Gold Limited (AYC) is an Australian listed public exploration company with 176,683,522 fully paid ordinary shares on issue. Heron holds 26,200,000 fully paid shares at 30 June 2014, which have been valued at the closing price on that day.

Golden Cross Resources Limited (GCR) is an Australian listed public exploration company with 1,889,299,391 fully paid ordinary shares on issue. Heron holds 375,970,579 fully paid shares at 30 June 2014, which have been valued at the closing price on that day. Golden Cross completed a 1 for 20 share consolidation subsequent to 30 June 2014, so at report date Heron holds 18,798,529 shares.

	2014 $'000	2013 $'000
Investments in other entities at fair value		
Golden Cross Resources:		
Cost	1,880	-
Impairment	-	-
Revaluation	-	-
Carrying value	1,880	-
A1 Consolidated Gold:		
Cost	6,555	6,555
Impairment	(5,114)	(3,280)
Revaluation	-	-
Carrying value	1,441	3,275
Summary:		
Total cost of investments	8,435	6,555
Impairment brought forward	(3,280)	(3,280)
Impairment for year ended June 2014	(1,834)	-
Total carrying value	3,321	3,275

	Consolidated Entity 2014 $'000	Consolidated Entity 2013 $'000
NOTE 7. TRADE AND OTHER RECEIVABLES - NON CURRENT		
Employee share option plan – non-recourse loan	35	35
	35	35

	2014 $'000	2013 $'000
NOTE 8. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment at cost	259	620
Accumulated depreciation	(235)	(589)
	24	31
Office equipment & furniture at cost	530	579
Accumulated depreciation	(496)	(530)
	34	49
Motor vehicles at cost	180	180
Accumulated depreciation	(180)	(163)
	-	17
Total property, plant and equipment	58	97
Reconciliation		
Plant and equipment:		
Carrying amount at 1 July	31	92
Additions	12	1
Disposals	(2)	(2)
Depreciation Expense	(17)	(60)
Carrying value at 30 June	24	31
Office equipment and furniture:		
Carrying amount at 1 July	49	65
Additions	5	10
Disposals	-	-
Depreciation Expense	(20)	(26)
Carrying value at 30 June	34	49
Motor vehicles:		
Carrying amount at 1 July	17	42
Additions	-	-
Disposals	-	(1)
Depreciation Expense	(17)	(24)
Carrying value at 30 June	-	17

	2014 $'000	2013 $'000
NOTE 9. EXPLORATION, EVALUATION AND DEVELOPMENT COSTS CARRIED FORWARD		
Balance at beginning of year	5,070	6,716
Acquisition costs	53	62
Exploration and evaluation costs incurred during the year (net of research & development rebate)	3,357	2,971
Exploration and evaluation costs expensed as incurred	(3,497)	(2,971)
Exploration and evaluation impairment	-	(1,600)
Exploration and evaluation costs written off	(405)	(108)
Balance at end of year	4,578	5,070

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

	Consolidated Entity 2014 $'000	Consolidated Entity 2013 $'000

NOTE 10. TRADE AND OTHER PAYABLES – CURRENT

	2014 $'000	2013 $'000
Trade creditors and accruals - Exploration activities	166	229
Trade creditors and accruals - Other	115	118
	281	347

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

NOTE 11. PROVISIONS – CURRENT

	2014 $'000	2013 $'000
Employee entitlements	560	457
	560	457

NOTE 12. CONTRIBUTED EQUITY

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

	Consolidated Entity 2014 $'000	Consolidated Entity 2013 $'000
Shares		
Issued and paid up capital 252,985,787 (2013: 252,985,787)		
Ordinary shares fully paid	121,782	121,782
Prior years *in specie* share distributions	(3,845)	(3,845)
Option reserve transfer on exercise	514	514
Less: prior years capital raising expenses	(2,416)	(2,416)
	116,035	116,035

Movements in issued and paid up capital of the parent entity during the year are as follows:

	2014 No. of Shares	2014 $'000
Contributed equity balance at beginning of year	252,985,787	116,035
Shares issued during the year	-	-
Transfer from option reserve	-	-
Contributed equity balance at end of year	252,985,787	116,035

Option reconciliation to 30 June 2014	**Number of options**
Opening balance at 1 July 2013	31,168,776
Options issued	-
Options expired/lapsed	(17,168,776)
Closing balance at 30 June 2014	14,000,000

The weighted average remaining contractual life of options on issue at 30 June 2014 is 729 days.

Options

The following options expired/lapsed during the year:

Number	Expiry date	Exercise price
4,500,000	5 June 2014	$2.50
4,818,776	9 June 2014	$0.30
2,600,000	25 June 2014	$0.4250
4,750,000	23 June 2014	$0.22
250,000	23 June 2015	$0.27
250,000	23 June 2016	$0.31

As at 30 June 2014 the Company had the following options on issue:

Number	Expiry date	Exercise price
5,000,000	7 September 2016	$0.6864
2,500,000	23 June 2015	$0.27
2,500,000	23 June 2016	$0.31
333,333	16 January 2015	$0.22
333,333	16 January 2016	$0.27
333,334	16 January 2017	$0.31
1,000,000	5 March 2016	$0.22
1,000,000	5 March 2017	$0.27
1,000,000	5 March 2018	$0.31
14,000,000		

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

Grant date	Expiry date	Exercise price	Number of Options at the beginning of the year	Options expired / lapsed this year	Options Issued this year	Number of Options at the end of the year	Options Exercisable at the end of the year
2014 Consolidated and parent entity							
29 November 2006	7 September 2016	$0.6864	5,000,000	-	-	5,000,000	-
5 June 2007	5 June 2014	$2.50	4,500,000	(4,500,000)	-	-	-
25 June 2009	25 June 2014	$0.425	2,600,000	(2,600,000)	-	-	-
9 June 2009	9 June 2014	$0.30	4,818,776	(4,818,776)	-	-	-
19 November 2011	23 June 2014	$0.22	4,750,000	(4,750,000)	-	-	-
19 November 2011	23 June 2015	$0.27	2,750,000	(250,000)	-	2,500,000	2,500,000
19 November 2011	23 June 2016	$0.31	2,750,000	(250,000)	-	2,500,000	2,500,000
5 October 2012	16 January 2015	$0.22	333,333	-	-	333,333	333,333
5 October 2012	16 January 2016	$0.27	333,333	-	-	333,333	333,333
5 October 2012	16 January 2017	$0.31	333,334	-	-	333,334	-
3 April 2013	5 March 2016	$0.22	1,000,000	-	-	1,000,000	1,000,000
3 April 2013	5 March 2017	$0.27	1,000,000	-	-	1,000,000	-
3 April 2013	5 March 2018	$0.31	1,000,000	-	-	1,000,000	-
			31,168,776	(17,168,776)	-	14,000,000	6,666,666
Weighted average exercise price			0.67	0.87	-	0.42	0.28

NOTE 13. SEGMENT REPORTING

Segmental information for consolidated statement of comprehensive income

Year ended June 2014	**Corporate**	**KNP Project**	**Yerilla Project**	**Exploration**	**Total**
Sale of fixed assets	-	-	6	2	8
Interest received - other persons/corporations	1,331	-	-	-	1,331
Option fee	-	-	-	50	50
Total revenues	1,331	-	6	52	1,389
Depreciation	(20)	-	(4)	(30)	(54)
Exploration expenditure expensed as incurred	-	(2,011)	(118)	(1,368)	(3,497)
Exploration expenditure written off	-	(405)	-	-	(405)
Other expenses	(3,822)	-	-	-	(3,822)
Profit / (loss)	(2,511)	(2,416)	(116)	(1,346)	(6,389)

Year ended June 2013	**Corporate**	**KNP Project**	**Yerilla Project**	**Exploration**	**Total**
Sale of tenements	-	-	-	34	34
Sale of fixed assets	-	-	3	-	3
Sale of investments	9	-	-	-	9
Interest received - other persons/corporations	1,818	-	-	-	1,818
Sale of data -	-	-	-	-	
Sundry income	5	-	-	-	5
Total revenues	1,832	-	3	34	1,869
Depreciation	(26)	-	(38)	(46)	(110)
Exploration expenditure expensed as incurred	-	(964)	(227)	(1,780)	(2,971)
Exploration expenditure written off	-	(105)	-	(3)	(108)
Impairment of exploration expenditure	-	(1,600)	-	-	(1,600)
Other expenses	(7,175)	-	-	-	(7,175)
Profit / (loss)	(5,369)	(2,669)	(262)	(1,795)	(10,095)

Segmental information for consolidated balance sheet

Balance at June 2014	**Corporate**	**KNP Project**	**Yerilla Project**	**Exploration**	**Total**
Total current assets	34,611	-	-	-	34,611
Property, plant and equipment	34	-	2	22	58
Exploration and evaluation costs carried forward	-	4,578	-	-	4,578
Other non-current assets	3,356	-	-	-	3,356
Total non-current assets	3,390	4,578	2	22	7,992
Total assets	38,001	4,578	2	22	42,603
Total liabilities	195	-	-	646	841

Movement for the year to June 2014	**Corporate**	**KNP Project**	**Yerilla Project**	**Exploration**	**Total**
Total current assets	(5,418)	-	-	-	(5,418)
Property, plant and equipment	(15)	-	(5)	(19)	(39)
Exploration and evaluation costs carried forward	-	(492)	-	-	(492)
Other non-current assets	46	-	-	-	46
Total non-current assets	31	(492)	(5)	(19)	(485)
Total assets	(5,387)	(492)	(5)	(19)	(5,903)
Total liabilities	23	-	-	14	37

Balance at June 2013	**Corporate**	**KNP Project**	**Yerilla Project**	**Exploration**	**Total**
Total current assets	40,029	-	-	-	40,029
Property, plant and equipment	49	-	7	41	97
Exploration and evaluation costs carried forward	-	5,070	-	-	5,070
Other non-current assets	3,310	-	-	-	3,310
Total non-current assets	3,359	5,070	7	41	8,477
Total assets	43,388	5,070	7	41	48,506
Total liabilities	172	-	-	632	804

Movement for the year to June 2013	**Corporate**	**KNP Project**	**Yerilla Project**	**Exploration**	**Total**
Total current assets	(3,988)	-	-	-	(3,988)
Property, plant and equipment	(17)	-	(39)	(46)	(102)
Exploration and evaluation costs carried forward	-	(1,646)	-	-	(1,646)
Other non-current assets	(3,668)	-	-	-	(3,668)
Total non-current assets	(3,685)	(1,646)	(39)	(46)	(5,416)
Total assets	(7,673)	(1,646)	(39)	(46)	(9,404)
Total liabilities	(147)	-	-	(96)	(243)

	Consolidated Entity 2014 $'000	Consolidated Entity 2013 $'000

NOTE 14. ACCUMULATED LOSSES AND RESERVES

a) Accumulated Losses

	2014 $'000	2013 $'000
Balance at the beginning of the year	(73,924)	(67,799)
Write back of expense for expired/lapsed options	3,599	3,970
Net profit/(loss)	(6,389)	(10,095)
Balance at end of the year	(76,714)	(73,924)

The Company has retained a loss as at 30 June 2014.

b) Option Reserve

	2014 $'000	2013 $'000
Balance at the beginning of the year	5,591	8,239
Cost of share based payments	449	1,322
Write back lapsed options expense	(3,599)	(3,970)
Balance at end of the year	2,441	5,591

The option reserve is used to recognise the fair value of options issued and expensed over the vesting period and credited to this reserve. The shares will reverse against the share capital when the underlying options are exercised.

c) Revaluation Reserve

	2014 $'000	2013 $'000
Balance at the beginning of the year	-	388
A1 Consolidated Gold shares	-	(388)
Movement for the year	-	(388)
Balance at end of the year	-	-

The revaluation reserve is used to recognise the fair value of financial assets classified as available-for-sale assets.

Amounts are recognised in the income statements when the associated assets are sold.

NOTE 15. STATEMENT OF CASH FLOWS

a) Reconciliation of operating loss after income tax to the net cash flows from operations:

	2014 $'000	2013 $'000
Operating loss after income tax	(6,389)	(10,095)
Add/(less)		
Exploration and evaluation costs written off	3,902	3,079
Depreciation	54	110
Share based payments	447	1,322
(Profit)/loss on sale of shares	-	(9)
(Profit)/loss on sale of tenements	-	(34)
(Profit)/loss on sale of fixed assets	(8)	(3)
(Profit)/loss on option fee	(50)	-
Investment Impairment	1,834	3,450
Exploration & Evaluation Impairment	-	1,600
Increase/(decrease) in prepayments and debtors	6	(8)
(Increase)/decrease in accrued interest and GST	85	(160)
Increase/(decrease) in creditors, accruals and provisions	22	202
	(97)	(546)

		Consolidated Entity	
		2014	2013
		$'000	$'000
b)	During the year there were no non cash transactions.		
c)	Reconciliation of Cash		
	Cash on hand and at bank	32,915	39,597
	Closing cash balance	32,915	39,597

Cash security for environmental bonds of $477,000 (2013 : $477,000) is included in cash on hand and at bank. This is not available to the Company for ordinary activities.

Property bonds of $46,545 (2013 : $46,545) are included in cash on hand and at bank. This amount is held as a security term deposit and is not available to the Company for ordinary activities.

NOTE 16. RELATED PARTY TRANSACTIONS

The Directors of the Company during the financial year were:

Non-Executive Directors
Craig Leslie Readhead
Stephen Bruce Dennis

Executive Directors
Ian James Buchhorn

The Key Management Personnel other than Executive Directors for the financial year were:

Exploration Manager
David von Perger

Financial Controller and Joint Company Secretary
Bryan Horan

General Manager Strategy and Business Development
Charlie Kempson

Detailed remuneration disclosures are provided in the remuneration report on pages 34-35 of the Directors report.

Shares	Held at 1 July 2013	Purchased on market	Sold	Held at 30 June 2014
Directors				
CL Readhead	844,709	238,263	-	1,082,972
IJ Buchhorn	45,486,240	1,054,719	-	46,540,959
SB Dennis	450,000	100,000	-	550,000
W Taylor	-	-	-	-
Key Management Personnel				
BP Horan	-	-	-	-
D von Perger	211,692	15,000	-	226,692
C Kempson	250,000	604,992	-	854,992
S Smith	-	-	-	-

Options	Expiry Date	Exercise Price	Held at 1 July 2013	Issued	Expired /lapsed	Held at 30 June 2014
Directors						
C L Readhead	5 June 2014	$2.50	750,000	-	(750,000)	-
I J Buchhorn	7 September 2016	$0.6864	5,000,000	-	-	5,000,000
	5 June 2014	$2.50	3,000,000	-	(3,000,000)	-
	23 June 2014	$0.22	1,000,000	-	(1,000,000)	-
	23 June 2015	$0.27	1,000,000	-	-	1,000,000
	23 June 2016	$0.31	1,000,000	-	-	1,000,000
S B Dennis	5 June 2014	$2.50	750,000	-	(750,000)	-
Key Management Personnel						
D von Perger	25 June 2014	$0.425	1,000,000	-	(1,000,000)	-
	23 June 2014	$0.22	1,000,000	-	(1,000,000)	-
	23 June 2015	$0.27	1,000,000	-	-	1,000,000
	23 June 2016	$0.31	1,000,000	-	-	1,000,000
B P Horan	25 June 2014	$0.425	600,000	-	(600,000)	-
	23 June 2014	$0.22	500,000	-	(500,000)	-
	23 June 2015	$0.27	500,000	-	-	500,000
	23 June 2016	$0.31	500,000	-	-	500,000
C Kempson	5 March 2016	$0.22	1,000,000	-	-	1,000,000
	5 March 2017	$0.27	1,000,000	-	-	1,000,000
	5 March 2018	$0.31	1,000,000	-	-	1,000,000
			21,600,000	-	(8,600,000)	13,000,000

Other related party transactions during the financial year were:

- payment of $73,800 (2013 : $72,450) to an entity related to Mr IJ Buchhorn for the provision of office accommodation on normal commercial terms and conditions;
- payment of $123,856 (2013 : $238,914) to Allion Legal of which Mr CL Readhead is a partner for legal services on normal commercial terms and conditions;

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

NOTE 17. FINANCIAL INSTRUMENTS

a) Terms, conditions and accounting policies

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

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms and Conditions
i) Financial assets			
11am Call Accounts		11am Call Accounts are carried at cost.	The 11am Call Accounts are at call with an interest rate of 1.75% (2013 : 0.37%)
Term Deposits		Term Deposits are carried at cost.	Term Deposits are secured with a 3 month term with an interest rate of 3.52% (2013 : 4.06%)
Environmental Bonds		Environmental Bonds are carried at cost.	Environmental Bonds are security term deposits with a 6 month term with an interest rate of 3.39% (2013 : 3.95%)
Property Bonds		Property Bonds are carried at cost.	Property Bonds are security term deposits with an 6 month term with an interest rate of 3.54% (2013 : 4.13%)
Accrued Interest	5	Recognised on an accruals basis.	Interest is credited periodically.
Goods & Services Tax Paid	5	Recognised on an accruals basis.	Business Activity Statements are lodged on a monthly basis.

Recognised Financial Instruments	**Statement of Financial Position Notes**	**Accounting Policies**	**Terms and Conditions**
ii) Financial liabilities			
Trade creditors and accruals	10	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the consolidated entity.	Trade liabilities are normally settled on 30 day terms.
iii) Equity			
Ordinary Shares	12	Ordinary share capital is recognised at the fair value of the consideration received by the Company.	Details of the shares issued and the terms and conditions of the options outstanding over ordinary shares at balance sheet date are set out in Note 12

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

c) Financial risk management

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

(i) Market risk

Price risk

The Company is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk.

Foreign exchange risk

The Company is not exposed to foreign exchange risk.

(ii) Credit risk

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

(iii) Liquidity risk

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

(iv) Cash flow and fair value interest rate risk

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

	Consolidated Entity	
	2014	**2013**
	$'000	**$'000**
NOTE 18. AUDITORS' REMUNERATION		
Amounts received or due and receivable for:		
Butler Settineri (Audit) Pty Ltd - Audit services	38	45

	Consolidated Entity 2014 $'000	Consolidated Entity 2013 $'000

NOTE 19. COMMITMENTS FOR EXPENDITURE

a) Exploration Commitments

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

	2014 $'000	2013 $'000
Not later than 1 year	3,668	3,489

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

b) Operating Lease Commitments

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

	2014 $'000	2013 $'000
Not later than 1 year	389	332
Later than 1 year but not later than 5 years	358	582
Later than 5 years	-	-

c) Capital Commitments

The Company has no capital commitments at 30 June 2014.

NOTE 20. INVESTMENTS IN CONTROLLED ENTITIES

Name of Entity	Country of Registration	Class of Shares	Cost of Consolidated Entity's Investment 2014	Cost of Consolidated Entity's Investment 2013	Cost of Parent Entity's Investment 2014 $	Cost of Parent Entity's Investment 2013 $
Hampton Nickel Pty Limited	Australia	Ordinary	100%	100%	10	10
Ochre Resources Pty Limited	Australia	Ordinary	100%	100%	100	100
Atriplex Pty Limited	Australia	Ordinary	100%	100%	10	10
Yerilla Nickel Pty Limited	Australia	Ordinary	100%	100%	100	100
Kalgoorlie Nickel Project Pty Limited	Australia	Ordinary	100%	100%	100	100
Woods Point Gold Mines Pty Limited	Australia	Ordinary	100%	100%	100	100

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

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

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

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

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

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

	Consolidated Entity 2014 $'000	2013 $'000
NOTE 21. EARNINGS PER SHARE		
Basic earnings per Share	(0.02526)	(0.03990)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	252,985,787	252,985,787
Diluted earnings per Share	(0.02526)	(0.03990)
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share.	252,985,787	252,985,787
Earnings profit/(loss) used in calculating basic and diluted earnings profit/(loss) per share	(6,389,236)	(10,095,306)

The 14,000,000 (2013: 31,168,776) options are not considered to be dilutive.

NOTE 22. EMPLOYEE ENTITLEMENTS

a) Employee Entitlements

The aggregate employee entitlement is comprised of:

	2014	2013
Provisions (Current)	560	457

b) Employee Share Scheme

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

Following the merger with TriAusMin there are currently 18 employees, directors and officers eligible to participate in this scheme.

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

During the year 17,168,776 options expired under the Employee Options Plan Number 3.

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

Grant date	Expiry date	Exercise price	Number of options at the beginning of the year	Options expired this year	Options Issued this year	Number of options at the end of the year	Options exercisable at the end of the year
2014 Consolidated and parent entity							
29 November 2006	7 September 2016	$0.6864	5,000,000	-	-	5,000,000	-
5 June 2007	5 June 2014	$2.50	4,500,000	(4,500,000)	-	-	-
25 June 2009	25 June 2014	$0.425	2,600,000	(2,600,000)	-	-	-
9 June 2009	9 June 2014	$0.30	4,818,776	(4,818,776)	-	-	-
19 November 2011	23 June 2014	$0.22	4,750,000	(4,750,000)	-	-	-
19 November 2011	23 June 2015	$0.27	2,750,000	(250,000)	-	2,500,000	2,500,000
19 November 2011	23 June 2016	$0.31	2,750,000	(250,000)	-	2,500,000	2,500,000
5 October 2012	16 January 2015	$0.22	333,333	-	-	333,333	333,333
5 October 2012	16 January 2016	$0.27	333,333	-	-	333,333	333,333
5 October 2012	16 January 2017	$0.31	333,334	-	-	333,334	-
3 April 2013	5 March 2016	$0.22	1,000,000	-	-	1,000,000	1,000,000
3 April 2013	5 March 2017	$0.27	1,000,000	-	-	1,000,000	-
3 April 2013	5 March 2018	$0.31	1,000,000	-	-	1,000,000	-
			31,168,776	(17,168,776)	-	14,000,000	6,666,666
Weighted average exercise price			$0.67	$0.87	-	$0.42	$0.28

NOTE 23. SUBSEQUENT EVENTS

Other than noted below there is no matter or circumstance which has arisen since 30 June 2014 that has significantly affected or may significantly affect:

a) The operations, in the financial years subsequent to 30 June 2014, of the Company;

b) The results of those operations; or

c) The state of affairs, in the financial years subsequent to 30 June 2014, of the Company.

A Scheme of Arrangement with TriAusMin Limited became effective on 5 August 2014. Details of the Scheme of arrangement are contained in the scheme booklet (ASX release date 6 June 2014) . Following the implementation of the merger, TriAusMin shareholders were issued with 1 Heron share for every 2.33 TriAusMin shares held. This resulted in the issue of 107,891,936 new Heron shares which became available to trade on both the ASX and TSX effective on 20 August 2014.

NOTE 24. CONTINGENT LIABILITIES

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

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

NOTE 25. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Heron Resources Limited, at 30 June 2014. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

		2014 $'000	2013 $'000
a)	Financial Position		
	Current assets	34,339	39,834
	Non-current assets	5,471	5,904
	Total assets	39,810	45,738
	Current liabilities	838	680
	Total liabilities	838	680
	Contributed equity	116,035	116,035
	Fair value reserve	-	-
	Option reserve	2,441	5,591
	Accumulated losses	(79,504)	(76,568)
	Total equity	38,972	45,058
	Loss for the year	(5,723)	(7,886)
	Other comprehensive income	-	(388)
	Total comprehensive loss for the year	(5,723)	(8,274)

b) Guarantees entered into by the Parent

Heron Resources Limited has not entered into a deed of cross guarantee with its wholly owned subsidiaries.

c) Contingent liabilities of the Parent

Heron Resources Limited's contingent liabilities are consistent with those disclosed in note 24.

d) Capital commitments of the Parent

Heron Resources Limited's capital commitments are disclosed in note 19c.

Directors' Declaration

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

a) The financial statements and notes comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

b) Give a true and fair view of the Company's and the Consolidated Entity's financial position as at 30 June 2014 and of their performance, as represented by the results of their operations, for the financial year ended on that date.

In the Directors' opinion:

a) The financial statements and notes are in accordance with the Corporations Act 2001; and

b) At the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts when they become due and payable; and

c) The Directors have been given the declarations by the Chief Financial Officer and Chief Executive Officer required by section 295A of the Corporations Act 2001.

On behalf of the Board

C L READHEAD
Chairman

Perth, 26 September 2014

BUTLER SETTINERI

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HERON RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Heron Resources Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2014 and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

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Independence

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

Auditor's Opinion

In our opinion:

a) the financial report of Heron Resources Limited is in accordance with the Corporations Act 2001 including:

   i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 34 and 35 of the directors' report for the year ended 30 June 2014.

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

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

Auditor's Opinion

In our opinion the Remuneration Report of Heron Resources Limited for the year ended 30 June 2014 complies with section 300A of the Corporations Act 2001.

BUTLER SETTINERI (AUDIT) PTY LTD

LUCY P GARDNER
Director

Perth
Date: 26 September 2014

7.0 Shareholder Information

AT 22 SEPTEMBER 2014

1. Issued Shares and Options

a) Distribution of Shareholders:

Size of Holding			Number of Holders	Shares Held
1	-	1,000	318	184,136
1,001	-	5,000	828	2,535,229
5,001	-	10,000	543	4,335,207
10,001	-	100,000	1,148	40,118,077
100,001	-		241	313,705,074
			3,078	360,877,723

b) The twenty largest shareholders hold 64.6% of the issued fully paid capital of the Company.

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

Holder	Number of Shares	%
I Buchhorn & related parties	46,590,959	12.91%
Sprott Inc & related parties	37,577,126	10.41%

d) There were 778 shareholders who held less than a marketable parcel.

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

VOTING RIGHTS

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

Twenty largest shareholders as at 22 September 2014

		Number of Shares	%
1	Canadian Register	118,541,239	32.85%
2	Hazurn Pty Ltd	23,532,480	6.52%
3	Kurana Pty Ltd	16,576,556	4.59%
4	Citicorp Nominees Pty Limited	13,578,031	3.76%
5	Jetosea Pty Ltd	10,000,000	2.77%
6	MBM Corporation Pty Ltd	9,999,830	2.77%
7	Chaos Investments Pty Limited	5,972,854	1.66%
8	Fremont Cat Pty Ltd	4,205,476	1.17%
9	Mr David James Wardle	4,070,000	1.13%
10	J P Morgan Nominees Australia	3,494,396	0.97%
11	Sheerwater Pty Ltd	3,071,500	0.85%
12	Koltai Holdings PL	2,973,179	0.82%
13	Mr Olivier Robert Dupuy	2,675,107	0.72%
14	Mr Ian James Buchhorn	2,518,241	0.70%
15	Valueinvest Pty Ltd	2,395,830	0.66%
16	Ms Trudi Ann Kempson	2,383,491	0.66%
17	HSBC Custody Nominees	2,244,749	0.62%
18	Kimlex Investments Pty Ltd	2,200,000	0.61%
19	Mrs Pamela Jean Buchhorn	2,137,690	0.59%
20	BGK Investments Pty Limited	2,000,000	0.55%
TOTAL		234,570,649	64.99%

f) Distribution of Option holders

1	5,000,000	exercisable on or before 7 September 2016 for a payment of $0.6864 per option
2	2,500,000	exercisable on or before 23 June 2015 for a payment of $0.27 per option
3	2,500,000	exercisable on or before 23 June 2016 for a payment of $0.31 per option
4	333,333	exercisable on or before 16 January 2015 for a payment of $0.22 per option
5	333,333	exercisable on or before 16 January 2016 for a payment of $0.27 per option
6	333,334	exercisable on or before 16 January 2017 for a payment of $0.31 per option
7	1,000,000	exercisable on or before 5 March 2016 for a payment of $0.22 per option
8	1,000,000	exercisable on or before 5 March 2017 for a payment of $0.27 per option
9	1,000,000	exercisable on or before 5 March 2018 for a payment of $0.31 per option
10	193,133	exercisable on or before 23 October 2017 for a payment of $0.14 per option
11	85,836	exercisable on or before 27 June 2016 for a payment of $0.27 per option
12	21,459	exercisable on or before 23 June 2015 for a payment of $0.58 per option
13	21,459	exercisable on or before 13 June 2017 for a payment of $0.22 per option
14	21,459	exercisable on or before 13 March 2018 for a payment of $0.15 per option
15	214,592	exercisable on or before 18 November 2015 for a payment of $0.23 per option
16	85,837	exercisable on or before 21 November 2017 for a payment of $0.23 per option
17	21,459	exercisable on or before 4 February 2017 for a payment of $0.27 per option
18	858,369	exercisable on or before 19 March 2016 for a payment of $0.37 per option
19	858,369	exercisable on or before 20 November 2018 for a payment of $0.09 per option
20	21,459	exercisable on or before 22 February 2018 for a payment of $0.17 per option
21	21,459	exercisable on or before 31 January 2019 for a payment of $0.09 per option

Size of Holding			Number of Holders	Options Held
1	-	1,000	-	-
1,001	-	5,000	-	-
5,001	-	10,000	-	-
10,001	-	100,000	7	364,805
100,001	-		9	16,060,085
			16	16,424,890

Summary of option holders as at 22 September 2014

		Number of Options	% of Issued Options
1	Employees & directors	15,909,869	96.87%
2	Alan Snowden	85,837	0.52%
3	James Gill	214,592	1.31%
4	Robert Valliant	85,837	0.52%
5	William Killinger	128,755	0.78%
	TOTAL	16,424,890	100.00