



Heron Resources Limited

ASX/TSX Release

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Level 1, 37 Ord Street, West Perth WA 6005

heron@heronresources.com.au

+61 8 9215 4444

ABN: 30 068 263 098

HERON RESOURCES LIMITED

AGM – CHAIRMAN'S ADDRESS

21 NOVEMBER 2014

Ladies & Gentlemen

Merger with TriAusMin – a step change for Heron

2014 has been a “step-change” year for Heron Resources Limited with the completion of its merger with TriAusMin Limited on 5 August 2014. The merger transaction brought together Heron’s cash balance of \$32.9 million as at 30 June 2014, with TriAusMin’s pipeline of high quality base metal assets featuring the Woodlawn Zinc-Copper Project in southern New South Wales. This is an excellent outcome for both sets of shareholders.

The plan put forward by Heron for the potential development of Woodlawn, including the current drilling program being undertaken by Heron, was outlined in some detail in the Scheme Booklet and was approved by a significant majority of TriAusMin shareholders.

We are now implementing this plan, and I believe that it’s a case of the right asset, right location and right time.

The Woodlawn underground Project – our new development focus

The Woodlawn Underground Project (WUP) has a published underground mineral resource of 10.1 million tonnes at 10.2% zinc and 1.8% copper, whilst the complementary Woodlawn Tailings Retreatment Project (WRP) has a mineral reserve of 11.2 million tonnes at 2.2% zinc and 0.5% copper. The commodity focus, being zinc and copper, has a particularly favourable market outlook. Both the WUP and WRP have NSW State government development approval, providing an advanced development opportunity.

As you know, timing is often the key ingredient for corporate success and it looks as though our timing will be excellent in bringing on a high quality zinc and copper project at a good time in the price cycle of those commodities.

Post the merger, Woodlawn has become Heron’s total development focus. Indeed, within one month of the merger completion, our planned and approved drilling program is already aggressively underway at Woodlawn with our first three diamond drill-holes all confirming the style and tenor of the historically mined Woodlawn mineralisation. The program is due for completion by Christmas.

Management team with complementary skills

Just as important as the assets in the ground, in merging with TriAusMin, Heron has secured a first-class Management Team led by Wayne Taylor, who became our Managing Director at merger. Wayne’s background is underground mine management in NSW and WA and base metal marketing, precisely the skill sets required for Woodlawn’s continuing development.

Both Heron and TriAusMin had very lean staffing levels and complementary skills sets (Heron focus in exploration, TriAusMin in mining), with the post-merger integration being seamlessly completed. The result is a merged company that is operating efficiently.

Kalgoorlie Nickel Project (KNP) progressing

The Company is also fortunate in retaining 100% ownership of the KNP. The Company has significantly ramped up its metallurgical studies on the KNP, focussing on low capital cost opportunities and reagent



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recycling with the aim of generating substantial improvements to both the capital and operating characteristics of the project.

This strategic direction has led to a close association with Perth-based consultancy Simulus Engineers, developers of the Carbon Friendly Nickel Production flow sheet. This utilises atmospheric pressure sulphuric acid leaching and reagent recycling, with Heron's scoping study in July 2014 indicating vastly improved project economics with 20,000tpa nickel production possible with a A\$660 million capital cost (previously some A\$2 billion with a High Pressure Acid leach process).

Exploration

On the exploration front, Heron's exploration portfolio is being continually rationalised to focus on the Lachlan Fold Belt of New South Wales, targeting world-class styles of zinc-copper and copper-gold mineralisation which characterise the province.

In closing, I would like to say the Management and Board are committed to achieving minerals production at the earliest opportunity, particularly at Woodlawn, to create significant value for shareholders. I would like to thank my fellow Directors and the Heron Management team, who have worked diligently during the year to ensure that we make the most of our assets.

In addition, I would like to acknowledge the outstanding work undertaken by Ian Buchhorn who, post-merger, stepped aside from his role as Managing Director and continues on as an Executive Director of Heron.

My thanks must go to you, our loyal shareholders.

2014 certainly has been a year of change, and with the Heron-TriAusMin merger, our quest to create real value for all shareholders both on ASX and TSX has taken a major step forward.

Craig Readhead

Chairman