



**NOTICE OF GENERAL MEETING
EXPLANATORY STATEMENT,
PROXY FORM AND MANAGEMENT INFORMATION CIRCULAR**

**For the General Meeting to be held on
Thursday, 12 February 2015 at 2:00 pm Western Standard Time
at The Celtic Club,
48 Ord Street,
West Perth, Western Australia**

This is an important document. Please read it carefully. If there is any matter that you do not understand you should contact your financial adviser, stockbroker or solicitor.

HERON RESOURCES LIMITED
ABN 30 068 263 098

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Heron Resources Limited (“**Heron**” or the “**Company**”) will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia at **2:00 pm WST on Thursday, 12 February 2015**.

AGENDA

1. RESOLUTION 1 – RE-ELECTION OF IAN BUCHHORN AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for the purposes of section 250V(1)(c) of the Corporations Act and for all other purposes, Mr Ian Buchhorn, a Director who shall otherwise cease to hold office immediately before the end of this Meeting in accordance with section 250V(1)(b) of the Corporations Act, being eligible, is re-elected as a Director.”

2. RESOLUTION 2 – RE-ELECTION OF CRAIG READHEAD AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for the purposes of section 250V(1)(c) of the Corporations Act and for all other purposes, Mr Craig Readhead, a Director who shall otherwise cease to hold office immediately before the end of this Meeting in accordance with section 250V(1)(b) of the Corporations Act, being eligible, is re-elected as a Director.”

3. RESOLUTION 3 – RE-ELECTION OF STEPHEN DENNIS AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for the purposes of section 250V(1)(c) of the Corporations Act and for all other purposes, Mr Stephen Dennis, a Director who shall otherwise cease to hold office immediately before the end of this Meeting in accordance with section 250V(1)(b) of the Corporations Act, being eligible, is re-elected as a Director.”

4. RESOLUTION 4 – RE-ELECTION OF BORDEN PUTNAM III AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That Borden Putnam III, who retires in accordance with clause 14.3(b) of the Company’s Constitution and ASX Listing Rule 14.4, and, being eligible, offers himself for re-election, be re-elected as a Director.”

1. EXPLANATORY STATEMENT

The Explanatory Statement accompanying this Notice of General Meeting is incorporated in and comprises part of this Notice of General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice of General Meeting and Explanatory Statement.

2. PROXIES

In Australia, for those wishing to vote by proxy¹, eligible Shareholders (or their Attorney) should complete and sign the enclosed proxy form and return it (and any Power of Attorney under which it is signed) to the Company by no later than **2:00 pm (WST) on Tuesday, 10 February 2015** by:

- Hand Delivery or Post to:
Security Transfer Registrars Pty Limited
PO Box 1380
West Perth, WA 6872; or
- Facsimile to the Company Secretary on facsimile number +618 9215 4490;
- Email to the Company Secretary on heron@heronresources.com.au

Proxy forms received later than 2:00 pm (WST) on Tuesday, 10 February 2015 will be invalid.

Note 1:

- Votes at the General Meeting may be given personally or by proxy, attorney or representative.
- A member entitled to attend and vote at the meeting has the right to appoint no more than two proxies.
- A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- If the member appoints two proxies and the appointment does not specify the proportion or the number of the member's votes each proxy may exercise, each proxy may exercise one half of the member's votes. If the member appoints two proxies, neither proxy may vote on a show of hands.
- A proxy need not be a member of the Company.
- A proxy form must be signed by the member or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed by a Director, Company Secretary, Sole Director and Sole Company Secretary or under the hand of a duly authorised officer or attorney.

In Canada, a Shareholder desiring to appoint some other person to represent him or her at the Meeting may do so either by inserting such person's name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, mailing, faxing or emailing the form as above, or depositing the completed proxy at the office of:

- Equity Financial Trust Company,
Suite 400, 200 University Street,
Toronto, Ontario, M5H 4H1.
- All duly completed and executed proxies of Shareholders in Canada must be received by Equity Financial Trust Company not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof.
- Proxy forms received later **5:00 pm (Toronto Time) on 10 February 2015**, will be invalid.

3. DATE FOR DETERMINING ELIGIBILITY TO VOTE

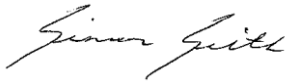
The Directors have determined, pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that persons that are registered Shareholders of the Company at Company at **2:00 pm (WST) on Tuesday, 10 February 2015** are eligible to vote.

The record date for the determination of Canadian registered Shareholders entitled to receive notice of the Meeting has been fixed at **9 January 2015**.

4. CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

By Order of the Board

A handwritten signature in cursive script, appearing to read "Simon Smith".

Simon Smith
Company Secretary
2 January 2015

HERON RESOURCES LIMITED
ABN 30 068 263 098

EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement has been prepared to provide Shareholders of Heron Resources Limited (**Heron** or the **Company**) with material information to enable them to make an informed decision in relation to the business to be conducted at the General Meeting of the Company to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia at 2:00 pm WST on Thursday 12 February 2015.

2. BACKGROUND

2.1 Spill resolution

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

2.2 Spill meeting

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting unless within that time period none of the company's directors who are prescribed to cease to hold office remain as directors of the company.

All of the directors of the company who were in office when the directors' report as included in the company's annual financial report for the previous financial year was approved, other than the managing director of the company (**Vacating Directors**), will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

The business of the Spill Meeting will be to put to vote resolutions to appoint persons to offices vacated by the Vacating Directors.

2.3 Determination of directors

Following the Spill Meeting those persons whose re-election or election as directors of the company is approved will be the directors of the company and commence to hold office at the end of the Spill Meeting.

The Corporations Act includes provisions (section 250X) to ensure a company will have at least 3 directors after the Spill Meeting in the event insufficient resolutions are passed by the requisite majority and would otherwise result in a company having fewer than 3 directors following the Spill Meeting.

The persons taken to have been appointed are those with the highest percentage of votes favouring their appointment cast at the Spill Meeting on the resolution for their appointment.

If 2 or more persons have the same percentage of votes favouring their appointment, the director or directors who hold office apart from the operation of section 250X of the Corporations Act may choose the person taken to be appointed and such person is deemed to have a higher percentage of votes. A person taken to have been appointed because of such a choice must have their appointment confirmed at the company's next annual general meeting and if the appointment is not confirmed the persons ceases to be a director of the company at the end of that annual general meeting.

2.4 Term of office

For the purposes of determining the length of time in office for future retirements by rotation, a Vacating Director who is re-elected at a Spill Meeting is considered to have been in office from the time of their previous election (i.e. his or her term of office runs as if the cessation and appointment at the Spill Meeting had not happened).

3. APPLICATION TO THE COMPANY

At the Company's two previous annual general meetings, held on 15 November 2013 and 21 November 2014, at least 25% of the votes cast on the remuneration report resolution were voted against the adoption of the remuneration report.

A Spill Resolution was put to the meeting at the second of those annual general meetings and more than 50% of votes cast were in favour of the Spill Resolution.

Consequently, the Company is required to convene a Spill Meeting on or before 19 February 2015 unless within that time period none of the Vacating Directors remain as directors of the Company.

The Vacating Directors are Messrs Buchhorn, Readhead and Dennis and as at the date of this Notice each remains in office.

The Vacating Directors will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

The business of the Meeting is to put to vote resolutions to appoint persons to offices vacated by the Vacating Directors.

4. AGREEMENT WITH SPROTT

At the conclusion of the Company's annual general meeting held on 21 November 2014, Sprott Inc and Exploration Capital Partners 2008 Limited Partnership (together, **Sprott**) presented Heron with a "Notice of Proposal to move Resolutions at next General Meeting pursuant to Sections 248N and 249P of the Corporations Act (Cth)" (**Notice**), being a move to appoint three nominees to the Board.

Since that time, Heron has been in discussions with major shareholders, including Sprott, with a view to resolving a board composition that would meet with a high degree of support across the share register. Given the ongoing strong results from the Woodlawn project, both the Board and Sprott are of the view that an unsettled position with respect to Board composition would not be beneficial to any shareholder.

As a result, Heron and Sprott entered into an agreement on 11 December 2014 under which it was agreed that:

- (a) the Notices seeking to appoint directors will be withdrawn by Sprott;
- (b) Mr Borden Putnam III will immediately join the Board as a Non-Executive Director;
- (c) the Board will recommend that all shareholders vote in favour of the re-election as directors of Messrs Ian Buchhorn, Stephen Dennis, Borden Putnam III and Craig Readhead; and
- (d) Sprott will vote in favour of the re-election of all of the above, and against any other resolution at the Spill Meeting relating to the election of any other person than those specified above.

5. RESOLUTION 1 - BACKGROUND AND QUALIFICATIONS OF DIRECTOR, IAN BUCHHORN

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. For the last 25 years Mr Buchhorn has developed mining projects throughout the Eastern Goldfields of Western Australia and operated as a Registered Mine Manager.

Recommendation

The Board (other than Mr Buchhorn) recommends that Shareholders vote in favour of Resolution 1.

6. RESOLUTION 2 - BACKGROUND AND QUALIFICATIONS OF DIRECTOR, CRAIG READHEAD

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 Principal of specialist mining and corporate law firm Allion Legal.

Recommendation

The Board (other than Mr Readhead) recommends that Shareholders vote in favour of Resolution 2.

7. RESOLUTION 3 - BACKGROUND AND QUALIFICATIONS OF DIRECTOR, STEPHEN DENNIS

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

Recommendation

The Board (other than Mr Dennis) recommends that Shareholders vote in favour of Resolution 3.

8. RESOLUTION 4 – BACKGROUND AND QUALIFICATIONS OF DIRECTOR, BORDEN PUTNAM III

Borden Putnam III was appointed a Director of the Company on 12 December 2014 to fill a casual vacancy.

In accordance with ASX Listing Rule 14.4 and clause 14.3(b) of the Company's Constitution, a Director appointed to fill a casual vacancy or as an addition to the Board holds office only under the conclusion of the next general meeting of the Company and is eligible for re-election at that general meeting.

For this reason, Mr Putnam seeks re-election as a Director.

Mr Putnam is a professional geologist with over 38 years of experience in the mineral industry, with focus on exploration and asset evaluations in the mineral investment business. From 1976-1991 he worked as a Project Geologist and a District Manager for AMAX Exploration and Newmont Exploration Limited respectively. He served as Vice-President and Chief Geologist for MRDI (now AMEC) an internationally recognized mining consultancy firm from

1991-1996. Mr. Putnam was Vice-President and Principal with Robertson Stephens Investment Management from 1996-2001, and from 2001-2009 was Managing Director of Eastbourne Capital Management; both firms which were engaged in mineral investment management principally as private hedge funds. In 2009, Mr Putnam, established his mining industry consultancy business providing technical evaluations, due diligence audits and investment advice to clients in the mineral resource industry.

Recommendation

The Board (other than Mr Putnam) recommends that Shareholders vote in favour of Resolution 4.

GLOSSARY

In this Notice of Annual General Meeting and accompanying Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

“ASX”	means ASX Limited (ABN 98 008 624 691).
“ASX Listing rules”	means the listing rules of ASX.
“Board”	means the board of Directors.
“Chairman”	means the chairman of the Annual General Meeting.
“Company” or “Heron”	means Heron Resources Limited (ABN 30 068 263 098).
“Constitution”	means the constitution of the Company.
“Corporations Act”	means the <i>Corporations Act 2001</i> (Cth).
“Director”	means a director of the Company and “Directors” has a corresponding meaning.
“Explanatory Statement”	means the explanatory statement that accompanies the Notice of Annual General Meeting.
“Exploration Capital Partners 2008 Limited Partnership”	means Exploration Capital Partners 2008 Limited Partnership (ISIN PLCPTL00015).
“General Meeting” or “Meeting”	means the general meeting of Shareholders convened by this Notice of General Meeting.
“Notice of General Meeting” or “Notice of Meeting”	means this notice of General Meeting.
“Proxy Form”	means the proxy form enclosed with this Notice of Meeting.
“Remuneration Report”	means the Company’s annual remuneration report.
“Resolution”	means a resolution contained in this Notice of Meeting.
“Share”	means a fully paid ordinary share in the capital of the Company.
“Shareholder” or “Member”	means a person who holds Shares.
“Sprott Inc” or “Sprott”	means Sprott Inc (ISIN CA8520661098).
“WST”	means Western Standard Time.

MANAGEMENT INFORMATION CIRCULAR

The Company is a reporting issuer in Canada. Accordingly, pursuant to the requirements of National Instrument 51-102 - *Continuous Disclosure Obligations* (“**NI 51-102**”) of the Canadian Securities Administrators, the following disclosure is required to be included with this Explanatory Memorandum. The Company is also utilizing the notice-and-access mechanism (the “**Notice-and-Access Provisions**”) that came into effect on February 11, 2013 under National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer (“**NI 54-101**”) and NI 51-102 for distribution of this Circular to both registered and non-registered (or beneficial) shareholders of the Company (collectively, the “**Shareholders**”). Further information on notice-and-access is contained below under the heading *Notice-and-Access* and Shareholders are encouraged to read this information for an explanation of their rights. In this management information circular (“**Circular**”), unless otherwise indicated, all references to “CDN\$” refer to Canadian dollars and all references to “A\$” refer to Australian dollars.

PURPOSE OF SOLICITATION

This Circular is furnished in connection with the solicitation of proxies by the management of the Company for use at the Meeting.

Solicitation of proxies will be primarily by mail but may also be by telephone, facsimile or in person by Directors, officers and employees of the Company who will not be additionally compensated therefore. Brokers, nominees or other persons holding Shares in their names for others shall be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such shares. The costs of soliciting proxies will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

Enclosed with the Notice is a form of proxy (or voting instruction form) for use at the Meeting. **A Shareholder has the right to appoint up to two persons (who need not be Shareholders) to attend and act for the Shareholder and on the Shareholder’s behalf at the Meeting other than the person designated in the form of proxy and may exercise such right by inserting the full name of the desired person(s) in the blank space provide in the form of proxy.**

A proxy will not be valid unless it is signed by the Shareholder or by the Shareholder’s attorney duly authorized in writing. If the Shareholder appoints a body corporate as the Shareholder’s proxy to attend and vote for the Shareholder at the Meeting, then the representative of the body corporate must produce the Certificate of Appointment of Representative prior to admission. A person executing a proxy, or acting, on behalf of a corporation or another individual must provide documentation evidencing his or her authority to sign the proxy or act on behalf of the Shareholder at the Meeting, as the case may be.

If the Shareholder is entitled to cast two or more votes at the Meeting, then the Shareholder may appoint not more than two proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder’s votes.

The proxy to be acted upon must be delivered:

- (a) in respect of Shareholders registered on the Company’s Australian share register, prior to 2.00 pm (West Perth time) on 10 February 2015 by:

- ONLINE visit www.securitytransfer.com.au and follow the instructions on your proxy form
- BY MAIL Security Transfer Registrars Pty Ltd, 770 Canning Highway, Applecross 6153 Western Australia
- BY FAX +61 8 9315 2233
- IN PERSON Security Transfer Registrars Pty Ltd, 770 Canning Highway, Applecross 6153 Western Australia

and

- (b) for Shareholders registered on the Company’s Canadian share register, in addition to the above mail, fax and email options, proxies must be received no later than 48 hours prior to the Meeting (and for clarity) by 5.00 pm Toronto time, 10 February 2015 by:

- Post to:
TMX Equity Transfer Services Inc.
200 University Avenue, Suite 300,
Toronto, Ontario, Canada M5H 4H1; or
- Facsimile at + 416.595.9593

REVOCATION OF PROXIES

A proxy given pursuant to this solicitation may be revoked by instrument in writing executed by the Shareholder or by his/her attorney authorized in writing, and delivered either to the registered office of the Company or the above mentioned address of TMX Equity Transfer Services Inc. at any time up to and including close of business on the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

VOTING OF PROXIES

Shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed form of proxy will be voted for each of the matters referred to in the Notice, as described in this Circular, or withheld from voting or voted against if so indicated on the form of proxy. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice, or other matters, which may properly come before the Meeting. At the time of printing of the Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Most Shareholders are “non-registered” or “beneficial” Shareholders (“**Non-Registered Shareholders**”) because the Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (“**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the Shares; or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. (“**CDS**”)) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Company will have distributed copies, via mail or electronically, of the Notice, this Circular, the form of proxy and a request card for interim and annual materials (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (i) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “**voting instruction form**”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”) in Canada and the United States. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Non-Registered Shareholders and asks Non-Registered Shareholders to return the forms to Broadridge or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for this form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the

Intermediary or its service company. A Non-Registered Shareholder who receives a voting instruction form cannot use that form to vote his or her Shares at the Meeting; or

- (ii) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with TMX Equity Transfer Services Inc. at 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, Fax Number: 416.595.9593.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting, or any adjournment(s) or postponement(s) thereof, (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the voting instruction form and insert the Non-Registered Shareholder or such other person's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote, which is not received by the Intermediary at least seven (7) days prior to the Meeting.

Non-Registered Shareholders fall into two categories: those who object to their identity being made known to the issuers of securities which they own ("**Objecting Beneficial Owners**" or "**OBOs**") and those who do not object to their identity being made known to the issuers of the securities they own ("**Non-Objecting Beneficial Owners**" or "**NOBOs**"). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from intermediaries. Pursuant to NI 54-101, issuers may obtain and use the NOBO list in connection with any matter relating to the affairs of the issuer, including the distribution of proxy-related materials directly to NOBOs. The Corporation is not sending Meeting Materials directly to the NOBOs. The Corporation will use and pay intermediaries and agents to send the Meeting Materials and also intends to pay for intermediaries to deliver the Meeting Materials to the OBOs. **As more particularly outlined below under the heading "Notice-and-Access", Meeting Materials will be sent to Non-Registered Shareholders using the Notice-and-Access Provisions.**

NOTICE AND ACCESS

As noted above, the Corporation is utilizing the Notice-and-Access Provisions that came into effect on February 11, 2013 under NI 54-101 and NI 51-102 for distribution of this Circular to all registered Shareholders and Non-Registered Shareholders.

The Notice-and-Access Provisions are a new set of rules that allows reporting issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and one other website, rather than mailing paper copies of such materials to Shareholders. Electronic copies of this Circular may be found on the Company's SEDAR profile at www.sedar.com and also on the Company's website at http://heronresources.com.au/hrr_gm_2015.php. The Company will not use procedures known as "stratification" in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of this Circular to some Shareholders with the notice package. In relation to the Meeting, all Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of this Circular. **Shareholders are reminded to review this Circular before voting.**

Although this Circular will be posted electronically on-line as noted above, Shareholders will receive paper copies of a "notice package" via prepaid mail containing the Notice with information prescribed by NI 54-101 and NI 51-102, and a form of proxy or voting instruction form.

The Company anticipates that notice-and-access will directly benefit the Company through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

Shareholders with questions about notice-and-access can call the Company's transfer agent TMX Equity Transfer Services Inc. toll-free at 1.866-393.4891. Shareholders may also obtain paper copies of this Circular and the Financial Statements A free of charge by contacting TMX Equity Transfer Services Inc. at the same toll-free number or upon request to the Corporate Secretary of the Corporation.

A request for paper copies which are required in advance of the Meeting should be sent so that they are received by the Company or TMX Equity Transfer Services Inc., as applicable, by 3 February 2015 in order to allow sufficient time for Shareholders to receive their paper copies and to return a) their form of proxy to the Company or TMX Equity Transfer Services Inc., or b) their voting instruction form to their Intermediaries by its due date.

DELIVERY OF SECURITY HOLDER MATERIAL

These security holder materials are being sent, in Canada, to both registered and non-registered owners of the securities using the Notice-and-Access Provisions. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No person who has been a Director or executive officer of the Company at any time since the beginning of its last completed financial year or any associate of any such Director or executive officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized share capital of the Company consists of an unlimited number of Shares. As of the date of the Circular, the Company has 360,877,723 Shares issued and outstanding.

The Company shall make a list of all persons who are registered holders of Shares as at the close of business at 5.00 pm (Toronto time) on 9 January 2015 (the "**Record Date**") and the number of Shares registered in the name of each person on that date. Each Shareholder is entitled to one vote for each Share in that Shareholder's name as it appears on the list.

To the knowledge of the directors and executive officers of the Company, as of the date hereof, no person or company beneficially owns, controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to all outstanding Shares, other than as set out below:

Name of Shareholder	Number of Common Shares⁽¹⁾⁽²⁾	Percentage of Common Shares⁽¹⁾⁽²⁾
Ian Buchhorn	46,790,959 ⁽³⁾	13%

Notes:

- (1) The information as to Shares beneficially owned, controlled or directed, not being within the knowledge of the Company, has been obtained by the Company from publicly disclosed information and/or furnished by the Shareholder listed above.
- (2) On a non-diluted basis.
- (3) Of the 46,790,959 Shares noted above, 2,518,241 are held directly by Mr. Buchhorn, 2,137,690 Shares are held directly by his spouse, while the remainder are held by the following companies controlled by Mr. Buchhorn: Hazurn Pty Ltd (23,732,480 Shares), Kurana Pty Ltd (16,576,556 Shares) and Manorina Mining Pty Ltd (1,825,992 Shares).

MATTERS TO BE ACTED UPON AT THE MEETING

This Circular has been prepared for the information of members of the Company in connection with the business to be transacted at a board spill meeting of members of the Company to be held at 2.00 pm (Perth Time) on 12 February 2015 at The Celtic Club, 48 Ord Street, West Perth, Western Australia. Please see pages 4-7 of the

Notice of General Meeting and Explanatory Statement attached to this Circular for full details of the matters to be acted upon at the Meeting.

Nominees for Election to the Board

At the Company's AGM held on 21 November 2014, the Company received a second strike vote against its Remuneration Report. This was followed by a successful vote for a "Spill Meeting" of all directors excluding the managing director, being Mr Wayne Taylor. As a result, the Company must hold a new meeting to elect directors within the next 90 days. A brief summary of the events which led to this spill meeting is provided below.

The Company's Remuneration Report sets out the remuneration policy, and reports on the remuneration arrangements in place for the key management personnel. The *Corporations Act* (Australia) requires that a listed company put to a vote at its AGM a resolution that its remuneration report be adopted, however expressly provides that the vote is advisory only and does not bind the company or its directors. Notwithstanding the foregoing, while the vote does not bind the Company or its directors, there are important consequences if there is a material "against" vote on this resolution. The *Corporations Act* was amended in 2011 to introduce what is referred to as the "two strikes" rule. The two strikes rule provides that if at least 25% of the votes cast on the adoption of the remuneration report at two consecutive AGMs are against adopting the remuneration report, Shareholders will have the opportunity to vote on a "spill resolution". On 21 November 2014, the Company received a "second strike" vote against its Remuneration Report.

The Spill Resolution is an ordinary resolution which, if passed, requires the Board to convene a further general meeting of the Company (or a Spill Meeting) to consider the composition of the Board. At the AGM held on 21 November 2014, the Spill Meeting resolution passed and therefore it will be necessary for the Company to hold the Spill Meeting within 90 days of the AGM in order to consider the composition of the Board. Immediately before the end of the Spill Meeting, each of the following Directors will cease to hold office: Craig Readhead, Ian Buchhorn and Stephen Dennis. The Managing Director of the Company, Wayne Taylor, would not lose office at any Spill Meeting, as the managing director is exempt from this requirement.

The following table, among other things, sets forth the name of all current directors, including Mr Wayne Taylor who is not nominated for election as director, and Mr Borden Putnam III, who was appointed as a director on 12 December 2014, their place of residence, position held, and periods of service with, the Company, or any of its affiliates, their principal occupations and the approximate number of Shares beneficially owned, controlled or directed, directly or indirectly, by them.

Shareholders have the option to (i) vote for or withhold their vote for Messrs Buchhorn, Readhead, Dennis and Putnam III. **Unless the Shareholder has specifically instructed in the form of proxy that the Shares represented by such proxy are to be withheld or voted otherwise, the persons named in the proxy will vote FOR the election of Messrs Buchhorn, Readhead, Dennis and Putnam III as directors of the Company.**

Name, Province or State and Country of Residence	Director Since	Present Principal Occupation	Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised⁽¹⁾
Craig Readhead ⁽²⁾⁽³⁾⁽⁴⁾ <i>Australia</i>	3/9/2001	Managing Partner of specialist mining and corporate law firm Allion Legal	1,712,723
Wayne Taylor <i>Australia</i>	11/08/2014	Managing Director of the Company	795,913
Ian Buchhorn <i>Australia</i>	17/2/1995	Executive Director of the Company	46,790,959
Stephen Dennis ⁽²⁾⁽³⁾⁽⁴⁾ <i>Australia</i>	6/12/2006	CEO and Managing Director of CBH Resources Limited, a Sydney, Australia based resources company	550,000
Borden Putnam III ⁽²⁾⁽³⁾⁽⁴⁾ <i>California</i>	12/12/2014	Independent mining industry consultant from 2009; Managing Director and Principal Analyst at Eastbourne Capital Management and Robertson Stephens (investment companies) from 1996 to 2009.	Nil

Notes:

- (1) The information with respect to the Shares beneficially owned, controlled or directed is not within the direct knowledge of the Corporation and has been furnished by the respective individuals.
- (2) Member of the Audit Committee. Stephen Dennis is the Chair.
- (3) Member of the Remuneration Committee. Craig Readhead is the Chair.
- (4) Member of the Corporate Governance and Nominating Committee. Craig Readhead is the Chair

As a group, the directors beneficially own, control or direct, directly or indirectly, 49,849,595 Shares, representing approximately 13.8% of the issued and outstanding Shares as of the date hereof.

Borden Putnam III

Mr. Putnam is a professional geologist with over 38 years of experience in the mineral industry, with focus on exploration and asset evaluations in the mineral investment business. From 1976-1991 he worked as a Project Geologist and a District Manager for AMAX Exploration and Newmont Exploration Limited respectively. He served as Vice-President and Chief Geologist for MRDI (now AMEC) an internationally recognized mining consultancy firm from 1991-1996. Mr. Putnam was Vice-President and Principal with Robertson Stephens Investment Management from 1996-2001, and from 2001-2009 was Managing Director of Eastbourne Capital Management; both firms which were engaged in mineral investment management principally as private hedge funds. In 2009, Mr Putnam, established his mining industry consultancy business providing technical evaluations, due diligence audits and investment advice to clients in the mineral resource industry.

Majority Voting

In respect of the election of Directors, the Company has not adopted a majority voting policy due to the fact that the Company has adopted a majority voting system that aligns with Australian corporate practice. Shareholders of the Company can vote “for”, “against” or “abstain” with respect to the election of a director. If a Director receives a majority of votes against their election, they will not be elected and their position on the Board will cease immediately. Votes cast as an abstention are not counted in favour or against a resolution.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the Directors nominated for election, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while such individual was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after such individual ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such proposed director was acting in the capacity as director, chief executive officer or chief financial officer.

None of the Directors nominated for election (or any personal holding company of any such individual) is, as of the date of this Circular, or has been within ten (10) years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while such individual was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

None of the Directors nominated for election (or any personal holding company of any such individual) has, within the ten (10) years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such individual.

None of the Directors nominated for election (or any personal holding company of any such individual) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Company's executive compensation philosophy and objectives. Also to discuss compensation decisions relating to the Company's Chief Executive Officer, Chief Financial Officer, and, if applicable, its three most highly compensated individuals who act as, or in a like capacity as, executive officers of the Company whose total compensation for the recently completed financial year was individually equal to more than CDN\$150,000 (the "NEOs" or "Named Executive Officers"). The Company's most recently completed financial year, is the financial year ended June 30, 2014 (the "**Last Financial Year**"). The only NEOs of the Company during the Last Financial Year were Ian Buchhorn, David Von Perger, Charlie Kempson and Bryan Horan.

The current members of the remuneration committee of the Company (the "**Remuneration Committee**") are Craig Readhead (Chair), Borden Putnam III and Stephen Dennis. A summary of the compensation received by the NEOs for the financial year ended June 30, 2014 is provided in this Circular under the heading: "Summary Compensation Table". A summary of the compensation received by the Directors for the financial year ended June 30, 2014 is provided in this Circular under the heading: "Director Compensation Table".

The Remuneration Committee has responsibility for approving the compensation program for the Company's executive officers. The Remuneration Committee acts pursuant to a formal charter that has been approved by the Board. Pursuant to the charter, the purpose of the Remuneration Committee is to assist the Board in relation to the formulation and administration of Company's remuneration policies, procedures and practices. As such, its specific responsibilities include: (i) review and make recommendations to the Board at least annually regarding the Company's remuneration and compensation policies, including short and long-term incentive compensation plans and equity-based plans, bonus plans, pension plans (if any), executive stock option plans and grants and benefit plans; (ii) have sole authority to retain and terminate any compensation consultant to assist in the evaluation of Director compensation, including sole authority to approve fees and other terms of the retention; (iii) review and approve at least annually all compensation arrangements with the senior executives of the Company; (iv) review and approve at least annually all compensation arrangements with the Directors; and (v) review the executive compensation sections disclosed in the management information circular distributed to the shareholders, including the report on executive compensation, the statement of officers compensation, employment agreements, stock option plans, and options granted during the most recently completed financial year.

Objectives of the Compensation Program

The Company aims to remunerate Directors, officers and employees in accordance with prevailing market conditions with the major objective being, to attract and retain high quality people who are motivated to contribute positively to the performance of the Company, without incurring excessive costs to the Company.

The Company believes that individuals should be rewarded for their individual contributions to the success of the Company (both financially and non-financially), measured primarily by the creation of value for Shareholders. Incentives are therefore constructed with the goal of aligning the interests of employees and Shareholders and encouraging performance in an atmosphere of strong corporate governance.

Compensation Program Design and Analysis of Compensation Decisions

Standard compensation arrangements for the Company's senior officers are composed of the following elements, which are linked to the Company's compensation and corporate objectives as follows:

Compensation Element	Link to Compensation Objectives	Link to Corporate Objectives
Base Salary and/or Consulting Fees	Attract and Retain	Competitive pay ensures access to skilled employees necessary to achieve corporate objectives.
Stock Options	Motivate and Reward Align interests with shareholders	Long-term incentives motivate and reward senior officers to increase shareholder value by the achievement of long-term corporate strategies and objectives.

Elements of Compensation

Remuneration is based on fees, salaries, cash bonus payments and incentive options. Other than periodic issuing of options and making payments to all Directors and employees of monetary benefits prescribed by the Superannuation Guarantee Charge scheme, the Company does not operate any scheme for the provision of retirement benefits to Non-executive Directors. Details of the structure of remuneration packages, including details of options that were issued during the reporting period, are as follows:

Fixed Remuneration:

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of relevant comparative remuneration in the employment market and within the Company and, where appropriate, external independent advice on policies and practices is obtained by the Committee. NEOs' base compensation depends on the scope of their experience, responsibilities, leadership skills, performance, length of service, generally industry trends and practices competitiveness, and the Company's existing financial resources

Variable Remuneration:

(i) Short-term incentives

Executives are set short-term incentive (STI) targets depending on the accountabilities of their role and the impact of their performance on the organisation or business unit performance. Each year the Remuneration Committee considers the appropriate targets and key performance indicators to link the STI plan and the level of payment if targets are met. This includes setting a maximum payment under the STI plan and minimum levels of performance to trigger payment of the STI.

Currently, the STI targets and performance indicators are linked to the operational performance of the Company, the financial performance of the Company and movements in Shareholders' wealth as determined by the Company's share price on the basis that, subject to prevailing market conditions, strong operational performance should lead to improvements in the share price.

(ii) Long-term incentives

The Company provides long-term incentives to executives in a manner that directly aligns this element of remuneration with the creation of Shareholder wealth. The Company has established an employee share option plan which provides for executives and other employees and contractors to be issued, at no cost to the recipient, options to acquire Shares. The number and the terms of the options issued are determined by the Remuneration Committee after consideration of the employee's performance and their ability to contribute to the achievement of the Company's objectives.

Determination of Compensation

The Remuneration Committee is, among other things, responsible for determining all forms of compensation to be granted to the Chief Executive Officer of the Company and the executive officers and for evaluating the Chief

Executive Officer's and other executive officers performance in light of the corporate goals and objectives set for them.

The task of evaluating management's performance occurs on both an informal and formal basis. Informally, management's performance is assessed continuously by reviewing operating results and the achievement or otherwise of the Company's objectives and providing direct feedback to executives on their performance. The formal task of reviewing individual executive's performance is the responsibility of the Remuneration Committee who is charged with assessing each senior executive's performance against pre-agreed targets as part of the annual remuneration review process.

Compensation Risk Considerations

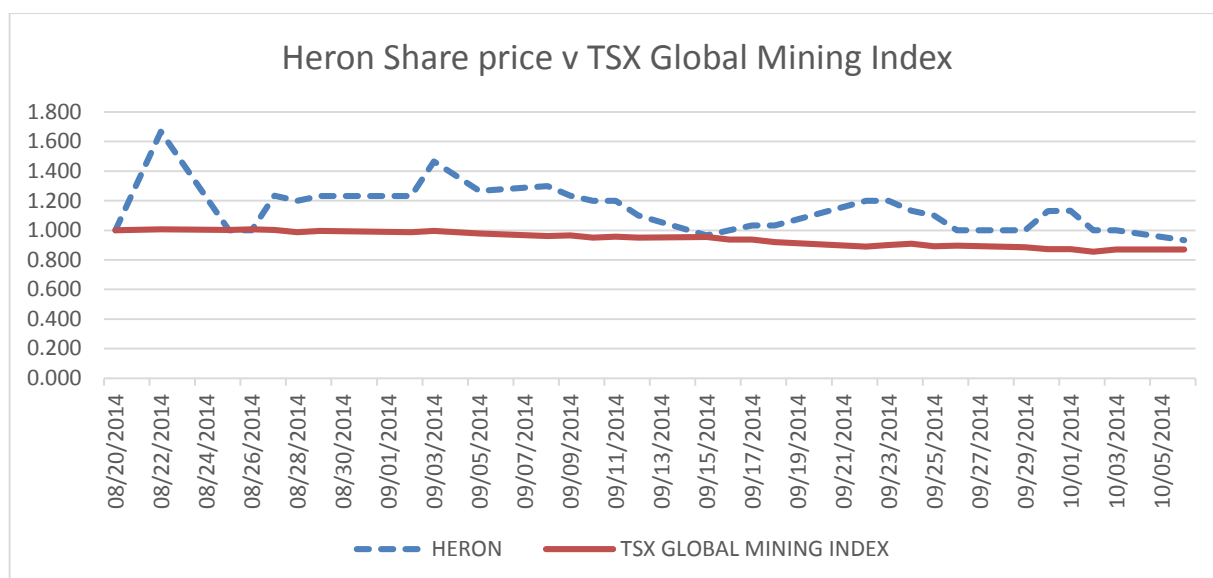
The Remuneration Committee is responsible for considering, establishing and reviewing executive compensation programs, and whether the programs encourage unnecessary or excessive risk taking. The Company believes the programs are balanced and do not motivate unnecessary or excessive risk taking. The Company does not currently have a policy that restricts directors or NEOs from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity. However, to the knowledge of the Company, as of the date of hereof, no director or NEO of the Company has participated in the purchase of such financial instruments.

Base salaries are fixed in amount thus do not encourage risk taking. While annual incentive awards focus on the achievement of short term or annual goals and short term goals may encourage the taking of short-term risks at the expense of long term results, the Company's annual incentive award program represents a small percentage of employee's compensation opportunities. Annual incentive awards are based on various personal and company-wide achievements. Such performance goals are subjective and include achieving individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities which would trigger the award of a bonus payment to the NEO. The determination as to whether a target has been met is ultimately made by the Board (after receiving recommendations of the Remuneration Committee) and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate. Funding of the annual incentive awards is capped at the company level and the distribution of funds to the executive officers is at the discretion of the Remuneration Committee.

Stock option awards are important to further align employees' interests with those of the Shareholders. The ultimate value of the awards is tied to the Company's stock price and since awards are staggered and subject to long-term vesting schedules, they help ensure that NEOs have significant value tied in long-term stock price performance.

Share Price Performance Graph

The following graph compares the percentage change in the cumulative total Shareholder return of CDN\$100 invested in Shares against the cumulative shareholder return of the S&P/TSX Composite Index since the Company became listed on the Toronto Stock Exchange ("TSX") on 20 August 2014 until 7 October 2014.



Heron Resources Limited
TSX Global Mining Index

20 August 2014
CDN\$100
CDN\$100

7 October 2014
CDN\$93.3
CDN\$87.1

Given that the Company only became listed on the TSX on 20 August 2014, management makes no comment with respect to the Company's share price vs a peer index other than to say that they are closely related to global macro-economic events such as the price of commodities.

Summary Compensation Table

The following tables provides information for the Last Financial Year and the years ended June 30, 2013 and June 30, 2012 regarding compensation earned by each of the following NEOs:

Name and principal position	Year Ended June 30	Salary (A\$)	Share-based awards (A\$)	Option-based awards (A\$) ⁽¹⁾	Non-equity incentive plan compensation (A\$)		Pension value (A\$)	All other compensation (A\$)	Total compensation (A\$)
					Annual incentive plans	Long-term incentive plans			
Ian Buchhorn Managing Director	2014	321,101	N/A	276,404	N/A	N/A	29,702	4,085	631,292
	2013	321,101	N/A	593,566	N/A	N/A	28,899	3,904	947,470
	2012	315,826	N/A	956,566	N/A	N/A	28,424	Nil	1,300,816
Bryan Horan Company Secretary & Financial Controller	2014	201,285	N/A	15,407	N/A	N/A	18,670	Nil	235,912
	2013	201,285	N/A	38,637	N/A	N/A	18,165	Nil	258,637
	2012	198,039	N/A	59,455	N/A	N/A	16,999	Nil	274,493
David Von Perger Exploration Manager	2014	261,468	N/A	30,815	N/A	N/A	24,186	10,041	326,510
	2013	261,468	N/A	77,274	N/A	N/A	23,532	10,041	372,315
	2012	256,101	N/A	118,911	N/A	N/A	23,049	15,061	413,122

Name and principal position	Year Ended June 30	Salary (A\$)	Share-based awards (A\$)	Option-based awards (A\$) ⁽¹⁾	Non-equity incentive plan compensation (A\$)		Pension value (A\$)	All other compensation (A\$)	Total compensation (A\$)
					Annual incentive plans	Long-term incentive plans			
Charlie Kempson General Manager, Strategy and Business Development	2014	261,468	N/A	111,160	N/A	N/A	24,186	Nil	396,814
	2013	74,057	N/A	32,341	N/A	N/A	6,665	Nil	113,063
	2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note:

(1) Deemed fair value of options granted during the fiscal year, based on the Black-Scholes valuation model.

Incentive Plan Awards

The following table provides information regarding the incentive plan awards for each NEO outstanding as of 30 June 2014:

Outstanding Share Awards and Option Awards

Name	Option-based Awards				Share-based Awards	
	Number of Common Shares underlying unexercised options (#)	Option exercise price (A\$)	Option expiration date	Value of unexercised in-the-money options (A\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share awards that have not vested (\$)
Ian Buchhorn	1,000,000	0.27	23 June 2015	Nil	N/A	N/A
	1,000,000	0.31	23 June 2016	Nil		
Bryan Horan	500,000	0.27	23 June 2015	Nil	N/A	N/A
	500,000	0.31	23 June 2016	Nil		
David Von Perger	1,000,000	0.27	23 June 2015	Nil	N/A	N/A
	1,000,000	0.31	23 June 2016	Nil		
Charlie Kempson	1,000,000	0.22	5 March 2016	Nil	N/A	N/A
	1,000,000	0.27	5 March 2017	Nil		
	1,000,000	0.31	5 March 2018	Nil		

Note:

(1) Aggregate dollar amount of in-the-money unexercised options held as at 30 June 2014. This figure is computed based on the difference between the market value of the Shares on the Australian Securities Exchange as at 30 June 2014 and the exercise price of the option. The closing price of the Shares on the Australian Securities Exchange on 30 June 2014 was A\$0.10. The Shares were listed and posted for trading on the Toronto Stock Exchange effective 20 August 2014.

The following table provides information regarding the value vested or earned on incentive plan awards for each NEO during the year ended June 30, 2014:

Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-based awards – Value vested during the year ⁽¹⁾ (A\$)	Share-based awards – Value vested (A\$)	Non-equity incentive plan compensation – Value earned during the year (A\$)
Ian Buchhorn	Nil	N/A	N/A
Bryan Horan	Nil	N/A	N/A
David Von Perger	Nil	N/A	N/A
Charlie Kempson	Nil	N/A	N/A

Note:

- (1) Calculated based on the closing price of the Shares on the Australian Securities Exchange at the vesting date less the exercise price of the vested options multiplied by the number of vested options

Pension Plan / Superannuation Benefits

As required under Commonwealth of Australian legislation governing superannuation (*Superannuation Guarantee (Administration) Act 1992*) the Company makes compulsory superannuation contributions amounting to 9.25% of each Australian domiciled employee's base annual salary to a complying superannuation fund nominated by the employee. No NEO receives superannuation benefits in excess of the 9.25% compulsory superannuation contributions.

Termination and Change of Control Benefits

There are no agreements, compensation plans, contracts or arrangements whereby a NEO is entitled to receive payments from the Company in the event of a change of control of the Company.

NEO's are entitled to receive termination payments in the event that they are terminated by the Company as further described in the table below:

Name	Payment as a result of a Change of Control	Termination Notice Period	Payment upon Termination
Ian Buchhorn	\$Nil	6 months	7 years base salary (as defined in the Corporations Act) plus accrued Annual Leave and Long Service Leave
Bryan Horan	\$Nil	3 months	3 weeks for each year of service plus accrued Annual Leave and Long Service Leave
David Von Perger	\$Nil	3 months	3 weeks for each year of service plus accrued Annual Leave and Long Service Leave
Charlie Kempson	\$Nil	3 months	6 months base salary plus 3 weeks' salary for each year of service plus accrued Annual Leave and Long Service Leave

DIRECTOR COMPENSATION

The Board determines the level of compensation for directors based on recommendations from the Remuneration Committee. The Board reviews directors' compensation as needed, taking into account time commitment, risks

and responsibilities to ensure that the amount of compensation adequately reflects the responsibilities and risks of being a director and makes adjustments as deemed necessary.

The Non-Executive Chairman receives Directors Fees of \$100,000 per annum. All other Non-executive Directors are paid Directors' fees of A\$73,000 per annum with respect to general director's duties, meeting attendance, or for additional service on Board committees plus 9.25% superannuation. Directors are also reimbursed for all reasonable out-of-pocket expenses incurred in attending Board, committee or shareholder meetings and otherwise incurred in carrying out their duties as directors of the Corporation.

Directors may receive option grants as determined by the Board pursuant to the Company's employee share option plan. The exercise price of such options is determined by the Board, but shall in no event be less than the market price of the Shares at the time of the grant of the options.

Director Compensation Table

The following table provides information regarding compensation paid to the Corporation's directors, other than the NEOs, during the financial year ended 30 June, 2014:

Name ⁽¹⁾	Fees earned (A\$)	Share-based awards (A\$)	Option-based awards (A\$)	Non-equity incentive plan compensation (A\$)	Pension value (A\$)	All other compensation (A\$)	Total (A\$)
Craig Readhead	100,000	Nil	Nil	Nil	Nil	Nil	100,000
Stephen Dennis	73,000	Nil	Nil	Nil	6,753	Nil	79,753

Note:

- (1) Mr. Buchhorn was a director and Named Executive Officer during the year ended 30 June 2014. Any compensation received by him in his capacity as a director of the Company is reflected in the Summary Compensation Table for the Named Executive Officers in this Circular.

Incentive Plan Awards

The following table provides information regarding the incentive plan awards for each director outstanding as of 30 June 2014:

Outstanding Share Awards and Options Awards

Name ⁽¹⁾	Option-based Awards				Share-based Awards	
	Number of Securities underlying unexercised options (#)	Option exercise price (A\$)	Option expiration date	Value of unexercised in-the-money options (A\$) ⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Craig Readhead	Nil	N/A	N/A	N/A	N/A	N/A
Stephen Dennis	Nil	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Mr. Buchhorn was a director and Named Executive Officer during the year ended 30 June 2014. Any compensation received by him in his capacity as a director of the Company is reflected in the Summary Compensation Table for the Named Executive Officers in this Circular.
- (2) Aggregate dollar amount of in-the-money unexercised options held as at 30 June 2014. This figure is computed based on the difference between the market value of the Shares on the Australian Securities Exchange as at 30 June 2014 and the exercise price of the option. The closing price of the Shares on the Australian Securities Exchange on 30 June 2014 was A\$0.10. The Shares were listed and posted for trading on the Toronto Stock Exchange effective 20 August 2014.

The following table provides information regarding the value vested or earned on incentive plan awards for each director during the year ended 30 June 2014:

Incentive Plan Awards – Value Vested or Earned During the Year

Name⁽¹⁾	Option awards – Value vested during the year (A\$)	Share awards – Value vested during the year (A\$)	Non-equity incentive plan compensation – Value earned during the year (A\$)
Craig Readhead	Nil	N/A	Nil
Stephen Dennis	Nil	N/A	Nil

Notes:

- (1) Mr. Buchhorn was a director and Named Executive Officer during the year ended March 31, 2014. Any compensation received by him in his capacity as a director of the Corporation is reflected in the Summary Compensation Table for the Named Executive Officers in this Circular.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Employee Share Option Plan

The Company adopted its latest incentive share option plan dated 19 August 2014, and amended as at 26 September 2014 (the “**Plan**”, which is subject to Shareholder approval at the Meeting), and the Plan, along with the NED Plan (as defined below) are the Company’s only equity compensation plans currently in place. The Plan is a rolling stock option plan, under which 10% of the outstanding Shares at any given time are available for issuance thereunder. The purpose of the Plan is to promote the profitability and growth of the Company by facilitating the efforts of the Company and its subsidiaries to attract and retain directors, senior officers, employees and consultants. The Plan provides an incentive for and encourages ownership of the Shares by such persons to induce them to make a maximum contribution to the Company’s success and to benefit from increases in the value of the Shares.

The following information is intended to be a brief description and summary of the material features of the Plan:

Eligibility

The Corporation’s officers, directors, key employees and consultants are eligible to receive stock options under the Plan (each an “**Eligible Person**”).

Administration

The Plan will be administered by the Board or an underlying committee as so appointed by the Board. The Board or an underlying committee determines from time to time those of the Company’s officers, directors, key employees and consultants to whom stock grants or plan options are to be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted, the dates such options become exercisable, the number of Shares subject to each option, the purchase price of such Shares and the form of payment of such purchase price. All other questions relating to the administration of the Plan, and the interpretation of the provisions thereof and of the related option agreements, are resolved by the Board or an underlying committee. Currently, the entire Board administers the Plan.

Shares Subject to Awards

The Company has currently reserved 10% of the authorized but unissued Shares for issuance under the Plan. The aggregate maximum number of Shares available for issuance under the Plan at any given time is 10% of the Company’s issued and outstanding Shares as at the date of grant of an option under the Plan. The aggregate number of Shares issued pursuant to options:

- (i) issued to the Company’s reporting insiders within any one year period; and
- (ii) issuable to the Company’s reporting insiders at any time,

under the Plan, or when combined with all other security based compensation arrangements, shall not exceed 10% of the total number of Shares then outstanding, respectively. The aggregate number of Shares issued pursuant to options:

- (i) issued to any one individual or entity within any one year period, and
- (ii) issuable to any one individual or entity at any time,

under the Plan, or when combined with all other security based compensation arrangements, shall not exceed 10% of the total number of Shares then outstanding, respectively. Shares used for the grants of options under the Plan may be authorized and unissued shares or shares reacquired by the Company. Shares covered by Plan options which terminate unexercised or shares subject to stock awards which are forfeited or cancelled will again become available for grant as additional options or stock awards, without decreasing the maximum number of shares issuable under the Plan.

Terms of Exercise

The Plan provides that the options granted thereunder shall be exercisable from time to time in whole or in part, unless otherwise specified by the Board or an underlying committee, and provided that no option shall have a term exceeding five (5) years.

Vesting

The Board may determine when any option will become exercisable and may determine that the option will be exercisable in installments or pursuant to a vesting schedule. Notwithstanding the foregoing, unless the Board determines otherwise, and subject to the other provisions of the Plan, options issued pursuant to the Plan are subject to a vesting schedule as follows:

- (i) one-third ($\frac{1}{3}$) upon the first anniversary of the date of grant;
- (ii) one-third ($\frac{1}{3}$) upon the second anniversary of the date of grant; and
- (iii) one-third ($\frac{1}{3}$) upon the third anniversary of the date of grant

Exercise Price

The purchase price for the Shares subject to options is determined by the Board or an underlying committee at the time the option is granted. Such price shall not be less than the volume weighted average trading price (calculated in accordance with the rules and policies of the TSX and the ASX) of the Shares on the TSX, ASX or another stock exchange where the majority of the trading volume and value of the Shares occurs, for the five (5) trading days immediately preceding the day the option is granted. The appropriate adjustment in any particular circumstance shall be conclusively determined by the Board in its sole discretion, subject to approval by the Shareholders and to acceptance by the TSX or ASX respectively, if applicable.

Termination, Retirement or Death

Except as otherwise expressly provided in the option agreement, all Plan options are non-assignable and non-transferable, except by will or by the laws of descent and distribution, and during the lifetime of the optionee, may be exercised only by such optionee. If an optionee dies while employed by the Company, all Plan options may be exercised by the legal representative(s) of the estate of the deceased optionee at any time during the first six (6) months following the death of the optionee (but prior to the expiry of the option in accordance with the terms thereof) but only to the extent that the optionee was entitled to exercise such option at the date of death. Options granted to an Eligible Person expire within 60 days after termination of employment with the Company, such options may be exercised, to the extent that the optionee shall have been entitled to do so on the date of termination of employment.

Amendments

Subject to the prior approval of any applicable regulatory authorities and/or stock exchange (including the TSX and ASX) and the consent of the holder of the option affected thereby, the Board may amend or modify any outstanding option in any manner to the extent that the Board would have had the authority to initially grant the option as so modified or amended, including without limitation, to change the date or dates as of which, or the

price at which, an option becomes exercisable, provided however, that the consent of the holder of the option shall not be required where the rights of the holder of the option are not adversely affected.

The Board will have the power to approve amendments relating to the Plan or to options, but only with the approval of the Shareholders, to the extent that such amendments relate to any of the following: (i) any amendment to the number of securities issuable under the Plan, including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage. A change to a fixed maximum percentage which was previously approved by Shareholders will not require additional shareholder approval; (ii) any change to the definition of Eligible Person which would have the potential of broadening or increasing insider participation; (iii) the addition of any form of financial assistance; (iv) any amendment to a financial assistance provision which is more favourable to participants; (v) any addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Plan reserve; (vi) the addition of a deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Company; (vii) a discontinuance of the Plan; (viii) a reduction in the exercise price of an option under the Plan benefiting an insider of the Company; (ix) an extension of a term of an option under Plan benefiting an insider of the company; (x) any amendment to remove or to exceed the insider participation limit; (xi) amendments to the amending provision under of the Plan; and (xii) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to eligible participants, especially Insiders of the Company, at the expense of the Company and its existing shareholders.

The Board may, without the approval of Shareholders and subject to receipt of requisite regulatory approval, where required, in its sole discretion make amendments to the Plan or options that are not of the type contemplated above including, without limitation: i) amendments of a "housekeeping" or clerical nature; (ii) a change to the vesting provisions of a security or the Plan; (iii) a change to the termination provisions of a security or the Plan which does not entail an extension beyond the original expiry date; and (iv) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve.

As at the date of this Circular, the Company has 16,424,890 options issued and outstanding, representing approximately 4.6% of the issued and outstanding Shares. Furthermore, as at the date hereof, no options issued pursuant to the Plan have been exercised into Shares.

Non-Executive Directors Share Plan

The Company adopted a share incentive plan for its non-executive directors dated 7 October 2014 (the "**NED Plan**", which is subject to approval by Shareholders at the Meeting) for eligible non-executive directors of the Company ("**NEDs**"). The purpose of the NED Plan is to provide non-executive directors of the Company with the ability to sacrifice their director's fees to acquire Shares. In the current economic climate, the salary sacrifice serves as an effective cash preservation mechanism, whilst aligning the interests of directors of the Company with those of the Shareholders.

Eligibility

Each non-executive director of the Company is eligible to participate in the NED Plan, unless participation would (in the opinion of the Board) result in the Company contravening applicable law or becoming obliged to prepare, lodge or issue a prospectus or other disclosure document in Australia or elsewhere and the Board determines it would be onerous for the Company to do so.

Participation

Each NED participating under the NED Plan in respect of a year must give a notice to the Company specifying the percentage of their standard fees which are not to be paid to him or her. By giving such a notice, the NED agrees that the Company will not be liable to pay or provide the specified percentage of the standard fees that would otherwise be payable to him or her.

Acquisition of Shares

Subject to the rules of the NED Plan, each NED will be provided the number of Shares in respect of each year as is determined in accordance with the following formula:

A/B, where “A” is the sacrificed amount; and “B” is: (i) if the Shares are purchased on the ASX, the average price paid for the Shares on ASX under the NED Plan (inclusive of costs associated with their acquisition); or (ii) if the Shares are issued by the Company, the volume weighted average price for sales on ASX for the five (5) trading days immediately prior to the issuance of the Shares.

Maximum Number of Shares

Notwithstanding any other provision under the NED Plan, the maximum number of Shares that may be issued or issuable pursuant to the NED Plan may not exceed 5% of the issued and outstanding Shares from time to time. As at the date hereof, no Shares have been issued pursuant to the NED Plan

Restrictions on Issuance to Insiders

The maximum number of Shares issuable at any time or within anyone one-year period to a NED under the NED Plan, together with any other share compensation arrangement of the Company, cannot exceed 10% of the issued and outstanding Shares.

Cessation of Directorship

If a NED ceases (for whatever reason) to be a director of the company (a) during a given year, or (b) after the end of a year but before the Shares have been provided to the NED in accordance with the NED Plan in respect of that year, no Shares will be provided to the NED in relation to the year and, if paragraph (b) applies, no Shares will be provided to the NED in relation to the period between the end of the year and the date on which the NED ceased to be a director of the Company. The Company must pay to the NED in lieu of providing those Shares an amount equal to: (i) where paragraph (a) applies, the portion of the sacrificed amount for that year that is referable to the period prior to the NED ceasing to be a NED; or (ii) where paragraph (b) applies, the sum of: (x) the sacrificed amount for that year; and (y) the portion of the sacrificed amount of the year during which the NED ceased to be a Director that is referable to the period prior to the NED ceasing to be a NED.

Amendments to Plan

Subject to any corporate law, stock exchange requirements, or the rules of the NED Plan, the Board may from time to time by resolution: (a) amend or revise the terms of the NED Plan; or (b) discontinue the NED Plan at any time.

The following amendments to the NED Plan may be made by the Board without the approval of the Shareholders: (a) any amendments necessary to ensure that the NED Plan is in compliance with the rules of the ASX, TSX or any applicable governmental body; (b) amendments that are of an administrative or general housekeeping nature; (c) amendments to the definition of “Eligible Person” under the NED Plan unless such changes would expand the class of Eligible Persons; (d) amendments to the manner in which the Plan is administered; and (e) amendments to the vesting provisions and the termination provisions in the NED Plan.

The following amendments to the NED Plan will require Shareholder approval: (a) amendments to the maximum number of Shares that may be issued to any NEDs pursuant to the NED Plan; (b) amendments to the provisions with respect to the assignment of Shares, or a right to Shares pursuant to the NED Plan; (c) amendments which would expand the definition of “Eligible Persons” entitled to participate in the NED Plan; (d) amendments to the amending provisions of the NED Plan; (e) amendments to reduce the price at which Shares are issued under the NED Plan; (f) amendments to the insider participation limits of the NED Plan that would result in disinterested Shareholders being required to approve the NED Plan; and (g) an increase to the maximum number of securities issuable, either as a fixed number or a fixed percentage of the Company’s outstanding capital represented by such securities.

Assignability of Rights

The right to acquire Shares pursuant to the NED Plan are not assignable.

Termination of NED Plan

The NED Plan may at any time be suspended or terminated by resolution of the Board. However, any rules affecting the rights of participants pursuant to the NED Plan will continue to operate with respect to any Shares provided under the NED Plan prior to such a suspension or termination.

Equity Compensation Plan Information

The following table provides details of the equity securities of the Corporation authorized for issuance as of the financial year ended 30 June 2014 pursuant to the Corporation's equity compensation plan currently in place:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))⁽¹⁾
Equity compensation plans approved by securityholders	N/A	N/A	N/A
Equity compensation plans not approved by securityholders	14,000,000	A\$0.42	3,649,289
Total	14,000,000 ⁽²⁾		3,649,289

Notes:

- (1) Based on a total of 9,000,000 stock options issuable pursuant to the Plan, representing approximately 3.6% of the issued and outstanding Shares as at 30 June 2014. 5,000,000 options issued to a director of the Company were issued outside of the Plan.
- (2) Representing approximately 5.5% of the issued and outstanding Shares as at 30 June, 2014.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the year ended 30 June 2014, no director, executive officer or associate of any director or executive officer of the Company was indebted to the Company, nor were any of these individuals indebted to any other entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company, including under any securities purchase or other program.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the commencement of the Company's most recently completed financial year, no informed person of the Company, or any associate or affiliate of any informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

STATEMENT OF CORPORATE GOVERNANCE

The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Company. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interest of the Shareholders, but that it also promotes effective decision making at the Board level. The Board has adopted a written code of business conduct and ethics to encourage and promote a culture of ethical business conduct amongst the directors, officers, employees and consultants of the Company.

Board of Directors

NI 58-101 defines an "independent director" as a director who has no direct or indirect "material relationship" with the issuer. A "material relationship" is as a relationship which could, in the view of the board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.

The Board believes that it functions independently of management, and reviews its procedures on an ongoing basis to ensure that it is functioning independently of management. The Board meets without management present, as circumstances require. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in National Policy 58-201 – *Corporate Governance Guidelines* (“NP 58-201”), the Board convenes meetings, as deemed necessary, of the independent directors, at which non-independent directors and members of management are not in attendance.

The Board is currently comprised of five (5) directors being Mr Craig Readhead, Mr Ian Buchhorn, Mr Wayne Taylor, Mr Stephen Dennis and Mr. Borden Putnam III. Messrs Dennis and Putnam III are independent within the meaning of NI 58-101. Messrs. Buchhorn and Taylor are not independent as they are both officers of the Company, and Mr Readhead is not independent since he has a “material relationship” with the Company.

Other Public Company Directorships

The following members of the Board currently hold directorships in other reporting issuers as set forth below:

Name of Director	Name of Reporting Issuer	Market
Craig Readhead	Beadell Resources Limited	ASX
	General Mining Corporation	ASX
	Redbank Copper Limited	ASX
	Swan Gold Mining Limited	ASX
	Western Areas Limited	ASX
Stephen Dennis	CBH Resources Limited	N/A
	Cott Oil and Gas Limited	ASX
Borden Putnam III	Mirasol Resources Ltd.	TSX-V
	Meryllion Resources Corporation	TSX-V
	Eurasian Minerals Inc.	TSX-V

Meetings of the Board

The Board held 14 meetings during the year ended 30 June 2014. The members of the Board and their attendance are set forth in the table below:

Board of Directors		
Name of Director	Independent⁽¹⁾	Meeting Attendance
Craig Readhead	No	14/14
Ian Buchhorn	No	14/14
Stephen Dennis	Yes	14/14

Note:

To be considered independent, a member of the Board must not have any direct or indirect or “material relationship” with the Corporation. A material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member’s independent judgment

Board Mandate

The Board has adopted a written Board mandate pursuant to which the Board assumes responsibility for the stewardship of the Company. The Board’s primary responsibility is to develop and adopt the strategic direction of the Corporation and to, at least annually, review and approve a strategic plan as developed and proposed by management, which takes into account the business opportunities and risks of the Corporation. The Board is responsible for reviewing and approving the Corporation’s financial objectives, plans and actions, including significant capital allocations and expenditures. The Board is also responsible for, among other things: (i) monitoring corporate performance; (ii) identifying principal business risks and implementing appropriate systems

to manage such risks; (iii) monitoring and ensuring internal control and procedures; (iv) ensuring appropriate standards of corporate conduct; (v) reviewing and approving financial statements and management's discussion and analysis; (vi) reviewing compensation of the members of the Board; (vii) reviewing and approving material transactions and annual budgets; (viii) developing the Corporation's approach to corporate governance; and (ix) assessing its own effectiveness in fulfilling its mandate.

The Board's mandate sets forth procedures relating to the Board's operations such as the size of Board and selection process, director qualifications, director orientation and continuing education, meetings and committees, evaluations, compensation and access to independent advisors. Pursuant to the Board's mandate, the Board is required to hold at minimum four scheduled meetings per year.

Position Descriptions

Chairman of the Board

The Chairman of the Board is currently Craig Readhead. The Board has developed and adopted a written position description for the Chairman of the Board. Pursuant to the written description, the Chairman is responsible for, among other things: (i) chairing all meetings of the Board in a manner that promotes meaningful discussion; (ii) providing leadership to enhance the Board's effectiveness; (iii) managing the Board (including delegation and succession planning); (iv) acting as a liaison between the Board and management; and (v) at the request of the Board, representing the Corporation to external groups, including Shareholders, community groups and governments. The Chairman is also responsible for working with the Corporate Governance and Nominating Committee ("CGN") to ensure that the effectiveness of the Board and its committees as well as the contribution of individual directors is assessed at least annually.

Lead Independent Director

The lead independent director of the Board ("**Lead Director**") is currently Stephen Dennis. The Lead Director is responsible for, among other things: (i) providing leadership to ensure that the Board functions independently of management of the Company; (ii) chairing meetings of independent directors or non-management directors held following Board meetings; (iii) in the absence of the Chairman, acting as chair of meetings of the Board; (iv) recommending, where necessary, the holding of special meetings of the Board; (v) reviewing with the Chairman and the CEO items of importance for consideration by Board; (vi) consulting and meeting with any or all of the Company's independent directors, at the discretion of either party and with or without the attendance of the Chairman, and represent such directors in discussions with management of the Company concerning corporate governance issues and other matters; (vii) together with the Chairman, ensuring that all business required to come before the Board is brought before the Board, such that the Board is able to carry out all of its duties to supervise the management of the business and affairs of the Company, and together with the Chairman and the CEO, formulate an agenda for each Board meeting; (viii) ensuring that the Board, committees of the Board, individual directors and senior management of the Company understand and discharge their duties and obligations under the approach to corporate governance adopted by the Board from time to time; (ix) mentoring and counseling new members of the Board to assist them in becoming active and effective directors; (x) facilitating the process of conducting director evaluations; (xi) promoting best practices and high standards of corporate governance; and (xii) performing such other duties and responsibilities as may be delegated to the Lead Director by the Board from time to time.

Chief Executive Officer

The Board has also developed and adopted a role statement for the Chief Executive Officer whose primary role is to take overall supervisory and managerial responsibility for the day to day operations of the Corporation's business and manage the Corporation in order to achieve the goals and objectives determined by the Board in the context of the Corporation's strategic plan. The Chief Executive Officer's responsibilities include, but are not limited to: (i) maintaining, developing and implementing the Company's strategic plans; (ii) developing new strategic alliances to enhance shareholder value; (iii) providing quality leadership to staff and other officers of the Company; (iv) ensuring communications between the Company and major Shareholders; (v) providing timely strategic, operational and reporting information to the Board; (vi) coordinating the preparation of an annual business plan; and (vii) taking responsibility for the administration of all of the Corporation's sub-areas and administrative practices.

Chairmen of the Audit and Compensation, Corporate Governance (including Nominating) Committees

Although the Board has not developed and adopted a written position description for the Chairman of each of the Audit and Remuneration and CGN Committees, the Board delineates the role and responsibility of each Chairman by having adopted a charter for the three committees which outlines specific tasks, duties and responsibilities of the respective Chairman and the Committee in accordance with the recommendations set forth in NP 58-201.

Orientation and Continuing Education

New directors receive an orientation on the role of the Board, its committees, and the nature and operation of the Company's business, which consists of the following:

- an orientation session with senior officers to receive an overview the Company's business and affairs;
- an orientation session with the Chairperson of each standing committee; and
- an orientation session with legal counsel and the representatives of the Company's auditors.

Continuing education is provided to directors through provision of literature regarding current developments and annual seminars on corporate governance developments. The Chief Executive Officer of the Company takes primary responsibility for the orientation and continuing education of directors and officers.

Ethical Business Conduct

The Board has adopted a written code of business conduct and ethics to encourage and promote a culture of ethical business conduct amongst the directors, officers, employees and consultants of the Company. Copies of the Code of Conduct are available upon written request from the CEO or CFO of the Company. The CGN Committee is responsible for ensuring compliance with the Company's code of conduct. There were no departures from the Company's Code of Conduct since its adoption.

In addition to those matters which, by law, must be approved by the Board, the approval of the Board is required for:

- the Company's annual business plan and budget;
- major acquisitions or dispositions by the Company; and
- transactions which are outside of the Company's existing business.

To ensure the directors exercise independent judgment in considering transactions and agreements in which a director or officer has a material interest, all such matters are considered and approved by the independent directors. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

The Company believes that it has adopted corporate governance procedures and policies which encourage ethical behaviour by the Company's directors, officers and employees.

Nomination of Directors

The CGN Committee of the Board holds the responsibility for the appointment and assessment of directors.

The CGN Committee seeks to achieve a balance of knowledge, experience and capability among the members of the Board. When considering candidates for director, the CGN Committee takes into account a number of factors including, but not limited to, the following (although candidates need not possess all of the following characteristics and not all factors are weighted equally):

- personal qualities and characteristics, accomplishments and reputation in the business community;

- current knowledge and contacts in the countries and/or communities in which the Company does business and in the Company industry sectors or other industries relevant to the Company's business; and
- the ability and willingness to commit adequate time to Board and committee matters, and be responsive to the needs of the Company.

The Board will periodically assess the appropriate number of directors on the Board and whether any vacancies on the Board are expected due to retirement or otherwise. If vacancies are anticipated, or otherwise arise, or the size of the Board is expanded, the CGN Committee will consider various potential candidates for director. Candidates may come to the attention of the CGN Committee through current directors or management, stockholders or other persons. These candidates will be evaluated at regular or special meeting of the CGN Committee, and may be considered at any point during the year.

The CGN Committee considers candidates for directors by annual review of the credentials of nominees for re-election to be named in the Management's proxy's materials. The annual review considers an evaluation of the effectiveness of the Board and the performance of each director, the continuing validity of the credentials underlying the appointment of each director and the continuing compliance with the eligibility rules under applicable conflict of interest guidelines.

The CGN Committee, whenever considered appropriate, may direct the Chairman to advise each nominee director, prior to appointment to the Board, of the credentials underlying the recommendation of such nominee director's candidacy. The CGN Committee may recommend to the Board at the annual meeting of the Board, the allocation of Board members to each of the Board committees, and where a vacancy occurs at any time in the membership of any Board committee, the CGN Committee may recommend to the Board a member to fill such vacancy. The CGN Committee has the sole authority to retain and terminate any search firm to be used to identify nominee director candidates, including the sole authority to approve fees and other terms of such retention. The CGN Committee monitors on a continuing basis and, whenever considered appropriate, makes recommendations to the Board concerning the corporate governance of the Company.

Compensation

The Remuneration Committee of the Board reviews the compensation of the directors and senior officers. The Remuneration Committee reviews and makes recommendations to the Board regarding the granting of stock options to directors and senior officers, compensation for senior officers, and compensation for senior officers' and directors' fees, if any, from time to time. Senior officers and directors may be compensated in cash and/or equity for their expert advice and contribution towards the success of the Company. The form and amount of cash compensation will be evaluated by the Remuneration Committee, which will be guided by the following goals:

- compensation should be commensurate with the time spent by senior officers and directors in meeting their obligations and reflective of the compensation paid by companies similar to the Company in size, business and stage of development; and
- The structure of the compensation should be simple, transparent and easy for Shareholders to understand. Shareholders will be given the opportunity to vote on all new or substantially revised equity compensation plans for directors as required by regulatory policies.

Other Board Committees

The Board has no standing committees other than the Audit, Remuneration and CGN Committees.

Assessments

The Board does conduct a formal annual assessment of the effectiveness of the Board, its committees and their peers. The Chairman of the Board meets annually with each director individually, which facilitates a discussion of his contribution and that of the other directors. When needed, time is set aside at a meeting of the Board for a discussion regarding the effectiveness of the Board and its committees. If appropriate, the Board then considers procedural or substantive changes to increase the effectiveness of the Board and its committees. On an informal basis, the Chairman of the Board is also responsible for reporting to the Board on areas where improvements can

be made. Any agreed upon improvements required to be made are implemented and overseen by the CGN Committee.

AUDIT COMMITTEE INFORMATION

The Audit Committee's Charter

The directors of the Company have adopted a Charter for the Audit Committee, which sets out the Audit Committee's mandate, organization, powers and responsibilities. The full text of the Audit Committee Charter is attached hereto as Appendix "A" to this Circular.

Composition of the Audit Committee

The members of the Audit Committee are Stephen Dennis (Chairman) Craig Readhead and Borden Putnam III. Messrs Dennis and Putnam are independent (as defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110") adopted by the Canadian Securities Administrators), Mr Readhead is not independent by virtue of having a material relationship with the Company, and all members are financially literate (as defined in NI 52-110). On 20 August 2014 the Company became a reporting issuer in Canada by virtue of listing its Shares on the TSX. Pursuant to NI 52-110 the Company's all members of the audit committee must be independent. The CGN Committee is currently undergoing a search for another independent director, and once appointed to the Audit Committee, the Company will comply with the requirements set forth in NI 52-110.

Name of Member	Independent⁽¹⁾	Financially Literate⁽²⁾
Stephen Dennis (Chair)	Yes	Yes
Craig Readhead	No	Yes
Borden Putnam III	Yes	Yes

Notes:

- (1) To be considered independent, a member of the Audit Committee must not have any direct or indirect "material relationship" with the Corporation. A "material relationship" is a relationship which could, in the view of the board of directors of the Corporation, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (2) To be considered financially literate, a member of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Relevant Education and Experience

Mr Dennis has been actively involved in the mining industry for over 25 years. He spent 14 years in senior management roles at MIM Holdings Limited, was Group General Manager and Chief Financial Officer of Minara Resources Limited until late 2005 and was Regional Director of the minerals transportation and logistics business of Brambles Australia Limited in Western Australia until late 2006. Mr Dennis is currently the CEO and Managing Director of CBH Resources Limited, a Sydney based resource company.

Mr Readhead is a lawyer with over 30 years legal and corporate advisory experience with specialisation in the resource 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 the Managing Partner of specialist mining and corporate law firm Allion Legal.

Mr Putnam has been a financial analyst in the investment management industry for approximately 15 years. He was the Managing Director and Principal Analyst at Eastbourne Capital Management and Robertson Stephens from 1996 to 2009 and a professional geologist with MRDI (Amec), Newmont Exploration and AMAX Exploration from 1976 to 1996. Mr. Putnam is a registered professional geologist in the States of California and Wyoming.

Audit Committee Oversight

At no time during the Last Financial Year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the external auditors of the Company not been adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in its Charter.

External Auditor Services Fees (By Category)

The following table discloses the fees billed to the Corporation by its external auditor during the last two completed financial years:

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
30 June 2014	A\$38,000	Nil	Nil	Nil
30 June 2013	A\$45,000	Nil	Nil	Nil

Notes:

- (1) The aggregate fees billed for professional services rendered by the auditor for the audit of the Company's annual financial statements.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the "Audit Fees" column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.
- (4) No other fees were billed by the auditor of the Company other than those listed in the other columns.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com or at www.asx.com.au, or on the Company's website at www.heronresources.com.au.

APPROVAL OF THIS EXPLANATORY MEMORANDUM AND MANAGEMENT INFORMATION CIRCULAR

The contents and sending of this Explanatory Memorandum and Circular have been approved by the Directors.

DATED as of the 2nd day of January, 2015.



Bryan Horan
Joint Company Secretary

APPENDIX A

AUDIT COMMITTEE CHARTER

CHARTER

The Audit Committee (“Committee”) is a committee of the board of Directors of the Company (“the Board”). Its primary function shall be to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and disclosure requirements, the overall maintenance of the systems of internal controls that management have established and the overall responsibility for the Company’s external and internal audit processes.

The Committee shall have the power to conduct or authorise investigations into any matter within the scope of this Charter. It may request any officer or employee of the Company, its external legal counsel or external auditor to attend a meeting of the Committee or to meet with any member(s) of the Committee. The Committee shall be accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Committee shall maintain an open communication between the Company’s outside auditor and the Board. The responsibilities of a member of the Committee shall be in addition to such member’s duties as a member of the Board.

The Committee has the duty to determine whether the Company’s financial disclosures are complete, accurate, are in accordance with international financial reporting standards and fairly present the financial position and risks of the organization. The Committee should, where it deems appropriate, resolve disagreements, if any, between management and the external auditor, and review compliance with laws and regulations and the Company’s own policies.

The Committee will provide the Board with such recommendations and reports with respect to the financial disclosures of the Company as it deems advisable.

MEMBERSHIP AND COMPOSITION

The Committee shall consist of at least three Directors who shall serve on behalf of the Board of which all Directors are independent. The members shall be appointed annually by the Board and shall meet the independence, financial literacy and experience requirements of the TSX and ASX.

A majority of Members will constitute a quorum for a meeting of the Committee.

The Board will appoint one Member to act as the Chair of the Committee. In his absence, the Committee may appoint another person provided a quorum is present. The Chair will appoint a secretary of the meeting, who need not be a member of the Committee and who will maintain the minutes of the meeting.

MEETINGS

At the request of the external auditor, the Chief Executive Officer or the Chief Financial Officer of the Company or any member of the Committee, the Chair will convene a meeting of the Committee. In advance of every meeting of the Committee, the Chair, with the assistance of the Chief Financial Officer, will ensure that the agenda and meeting materials are distributed in a timely manner and no less than five (5) business days before the meeting.

The Committee shall meet no less than four (4) times per year or more frequently if circumstances or the obligations require.

The duties and responsibilities of the Committee shall be as follows:

- A. Financial Reporting and Disclosure
 - i. Review and discuss with management and the external auditor at the completion of the annual examination:
 - a. the Company’s audited financial statements and related notes;
 - b. the external auditor’s audit of the financial statements and their report thereon;

- c. any significant changes required in the external auditor's audit plan;
 - d. any serious difficulties or disputes with management encountered during the course of the audit; and
 - e. other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.
- ii. Review and discuss with management and the external auditor at the completion of any review engagement or other examination, the Company's quarterly financial statements.
 - iii. Review, discuss with management the annual reports, the quarterly reports, the Management Discussion and Analysis, Annual Information Form, prospectus and other disclosures and, if thought advisable, recommend the acceptance of such documents to the Board for approval.
 - iv. Review and discuss with management any guidance being provided to shareholders on the expected future results and financial performance of the Company and provide their recommendations on such documents to the Board.
 - v. Inquire of the auditors the quality and acceptability of the Company's accounting principles, including the clarity of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates.
 - vi. Meet independently with the external auditor and management in separate executive sessions, as necessary or appropriate.
 - vii. Ensure that management has the proper systems in place so that the Company's financial statements, financial reports and other financial information satisfy legal and regulatory requirements. Based upon discussions with the external auditor and the financial statement review, if it deems appropriate, recommend to the Board the filing of the audited annual and unaudited quarterly financial statements.
 - viii. Oversee and enforce Company's public disclosure practices.

EXTERNAL AUDITOR

- i. Consider, in consultation with the external auditor, the audit scope and plan of the external auditor.
- ii. Recommend to the Board the external auditor to be nominated and review the performance of the auditor, including the lead partner of the external auditor.
- iii. Confirm with the external auditor and receive written confirmation at least once per year as to disclosure of any investigations or government enquiries, reviews or investigations of the outside auditor.
- iv. Take reasonable steps to confirm the independence of the external auditor, which shall include:
 - a. ensuring receipt from the external auditor of a formal written statement delineating all relationships between the external auditor and the Company, consistent with generally accepting auditing practices,
 - b. considering and discussing with the external auditor any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the external auditor, and
 - c. approve in advance any non-audit related services provided by the auditor to the Company with a view to ensuring independence of the auditor, and in accordance with any applicable regulatory requirements, including the requirements of the TSX Venture Exchange with respect to approval of non-audit related services performed by the auditor.

INTERNAL CONTROLS AND AUDIT

- i. Review and assess the adequacy and effectiveness of the Company's systems of internal and management information systems through discussion with management and the external auditor to ensure that the Company maintains appropriate systems, is able to assess the pertinent risks of the Company and that the risk of a material misstatement in the financial disclosures can be detected.
- ii. Assess the requirement for the appointment of an internal auditor for the Company.
- iii. Inquire of management and the external auditor about the systems of internal controls that management and the Board have established and the effectiveness of those systems. In addition, inquire of management and the external auditor about significant financial risks or exposures and the steps management has taken to minimize such risks to the Company.

CHARTER REVIEW

The Committee will annually review and reassess the adequacy of this policy and submit any recommended changes to the Board for approval.

ADOPTION

This Charter was adopted by the Board in August, 2014.

«EFT_REFERENCE_NUMBER»

«HOLDER_NAME»
 «ADDRESS_LINE_1»
 «ADDRESS_LINE_2»
 «ADDRESS_LINE_3»
 «ADDRESS_LINE_4»
 «ADDRESS_LINE_5»

Code: **HRR**

Holder Number: «HOLDER_NUM

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐ The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 2:00pm WST on Thursday 12 February 2015 at The Celtic Club, 48 Ord Street, West Perth WA and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION

For Against Abstain

- RE-ELECTION OF IAN BUCHHORN AS A DIRECTOR
- RE-ELECTION OF CRAIG READHEAD AS A DIRECTOR
- RE-ELECTION OF STEPHEN DENNIS AS A DIRECTOR
- RE-ELECTION OF BORDEN PUTNAM III AS A DIRECTOR

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company

Director

Director/Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 2:00pm WST on Tuesday 10 February 2015.

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2

HRR

HRRPX2120215

+



My/Our contact details in case of enquiries are:

Name:

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Number:

(

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)

1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

Security Transfer Registrars Pty Ltd

Postal Address PO BOX 535
Applecross WA 6953 AUSTRALIA

Street Address Alexandria House
Suite 1, 770 Canning Highway
Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.





Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction on the form. Securityholders sponsored by a broker should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

YOUR VOTE IS IMPORTANT

FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 5:00 PM (EASTERN STANDARD TIME) ON FEBRUARY 10, 2015.

TO VOTE ONLINE



STEP 1 : VISIT www.voteproxyonline.com

STEP 2: Enter your Control Number

Control Number:

Please note it is important you keep this confidential

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

STEP 3 Sign the Form

The form must be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all securityholders must sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 5:00 PM (Eastern Standard Time) on February 10, 2015. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxies may be lodged using the reply envelope or:

BY MAIL - TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1

BY FAX - 416-595-9593

IN PERSON - TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1

Vote online at: www.voteproxyonline.com or turn over to complete the Form ➔

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Notice-and-Access

The Canadian securities regulators have adopted new rules, effective for meetings held on or after March 1, 2013, which permit the use of notice-and-access for proxy solicitation instead of the traditional physical delivery of material. This new process provides the option to post meeting related materials including management information circulars as well as annual financial statements and management's discussion and analysis, on a website in addition to SEDAR. Under notice-and-access, meeting related materials will be available for viewing for up to 1 year from the date of posting and a paper copy of the material can be requested at any time during this period.

Disclosure regarding each matter or group of matters to be voted on is in the Information Circular in the Section with the same title as each Resolution overleaf. You should review the Information Circular before voting.

HERON RESOURCES LIMITED has elected to utilize notice-and-access and provide you with the following information: **Meeting materials are available electronically at www.sedar.com and also at http://heronresources.com.au/hrr_gm_2015.php.**

If you wish a paper copy of the Meeting materials or have questions about notice-and-access, please call 1-866-393-4891. In order to receive a paper copy in time to vote before the meeting, your request should be received by February 3, 2015.

STEP 1 - Appointment of Proxy

I/We being a member/s of **Heron Resources Limited** and entitled to attend and vote hereby appoint

<input type="checkbox"/>	the Chairman of the Meeting (mark with an 'X')	OR	
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If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **General Meeting of Heron Resources Limited to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Thursday, 12 February 2015 at 2:00 pm Western Standard Time** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

STEP 2 - Voting directions to your Proxy – please mark ☒ to indicate your directions

Ordinary Business		For	Against	Abstain*
Resolution 1	RE-ELECTION OF IAN BUCHHORN AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	RE-ELECTION OF CRAIG READHEAD AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	RE-ELECTION OF STEPHEN DENNIS AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	RE-ELECTION OF BORDEN PUTNAM III AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intentions advised above, the Chairman of the Meeting intends to vote undirected proxies as recommended in the Management Information Circular.

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

For Canadian shareholders, if you would like to "withhold" your vote regarding the re-election of a Director, please mark the "Abstain" box.

STEP 3 - PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1 <div style="border: 1px solid black; height: 40px; margin: 5px;"></div>	Securityholder 2 <div style="border: 1px solid black; height: 40px; margin: 5px;"></div>	Securityholder 3 <div style="border: 1px solid black; height: 40px; margin: 5px;"></div>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary
Contact Name	Contact Daytime Telephone	Date / / 2015