

The Manager
Company Announcements Office
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000

3 May 2017

Electronic lodgement

Dear Sir/Madam

Northern Silica Corporation – off market takeover bid for the entire issued share capital of Heemskirk Consolidated Limited (“Takeover”)

In accordance with section 647(3) of the Corporations Act, please find attached a copy of Northern Silica Corporation’s third supplementary bidder’s statement (“**Third Supplement**”) in relation to the Takeover.

The Third Supplement was lodged with the Australian Securities & Investments Commission and Heemskirk Consolidated Limited earlier today.

Yours faithfully



David Eliakim
Partner

THIRD SUPPLEMENTARY BIDDER'S STATEMENT

**in respect of the offer by
Northern Silica Corporation**



**for the ordinary shares in
Heemskirk Consolidated Limited ACN 106 720 138**

Legal Adviser:

**KING & WOOD
MALLESONS**

This document is the third supplementary bidder's statement ("**Third Supplement**") to the Bidder's Statement dated 13 March 2017 ("**Bidder's Statement**") issued by Northern Silica Corporation and lodged with the Australian Securities and Investments Commission ("**ASIC**") on 13 March 2017, in relation to the offer by Northern Silica Corporation ("**Offer**") for the ordinary shares in Heemskirk Consolidated Limited.

Supplementary bidder's statements were lodged with ASIC on 7 April 2017 ("**First Supplement**") and 13 April 2017 ("**Second Supplement**"). This Third Supplement supplements, and is to be read together with, the Bidder's Statement, the First Supplement and the Second Supplement.

Unless the context requires otherwise, defined terms in the Bidder's Statement have the same meaning in this Third Supplement. This Third Supplement prevails to the extent of any inconsistency with the Bidder's Statement, the First Supplement and the Second Supplement.

A copy of this Third Supplement was lodged with ASIC on 3 May 2017. Neither ASIC nor any of its officers takes any responsibility for the contents of this Third Supplement.

1 Background

The Bidder's Statement was lodged with ASIC on 13 March 2017 and was sent to the Heemskirk Shareholders along with the Offer on 15 March 2017. The Bidder's Statement was supplemented by The First Supplement and the Second Supplement.

This Third Supplement sets out some additional information about the Offer.

2 Election for Share Consideration by Ineligible Foreign Shareholders

The Bidder has obtained relief from ASIC enabling it to treat Ineligible Foreign Shareholders differently to the way in which they would have been treated under paragraph 6.3 of the Offer Terms. Paragraph 6.3 sets out a process for payments to Ineligible Foreign Shareholders who accept the Offer in return for the Share Consideration (being Bidder Shares). In brief, under that process which is mandated by the Corporations Act, the Bidder would have been required to issue the Bidder Shares to which the Ineligible Foreign Shareholders would otherwise have been entitled to a Nominee. The Nominee would have caused those Bidder Shares to be sold at a price determined by the Nominee, and then remit the net proceeds of sale of those Bidder Shares to the Ineligible Foreign Shareholders after deduction of brokerage or other expenses incurred in connection with the sale.

The application of paragraph 6.3 was expressed to be subject to any ASIC relief obtained. ASIC has now provided relief to entitle the Bidder to deem that all Ineligible Foreign Shareholders elect to receive the Cash Consideration (irrespective of whether an Ineligible Foreign Shareholder elects the Share Consideration on their Application Form).

The Bidder determined to apply for this relief because it considered it would be in the best interests of the Ineligible Foreign Shareholders, for the following reasons:

- (a) **Value of the Share Consideration:** the independent expert in its report dated 11 April 2017 values the Share Consideration at less than the Cash Consideration (which is \$0.075 per Share).
- (b) **Costs of Nominee Sale Process:** the Share Consideration comprises ordinary securities in the Bidder which is an unlisted, special purpose vehicle which has no assets or liabilities. The Bidder was incorporated for the sole purpose of making the Offer. As a result, the Share Consideration is illiquid with no readily available, active market. Accordingly, the Bidder considers that it is likely that any Nominee would have needed to conduct a relatively extensive marketing program in respect of any shares transferred to it. The cost of this marketing process could have been

significant, and would have been borne by any Ineligible Foreign Shareholders who accepted the Offer in return for the Share Consideration, resulting in the net proceeds received by those Heemskirk Shareholders being reduced.

As a result of the relief obtained, all Ineligible Foreign Shareholders who elect to receive the Share Consideration will be deemed to have elected to receive the Cash Consideration.

3 Authorisation

This Third Supplement has been approved by a resolution passed by all of the directors of Northern Silica Corporation.

Signed on behalf of Northern Silica Corporation.



Martin Boland
Director