Appendix 4D

Heemskirk Consolidated Limited
ABN 18 106 720 138

Half Year Report

Results for announcement to the market

For the six months ended 31 March 2017
(previous corresponding period six months ended 31 March 2016)

Revenue and Net Profit/Loss

			2017 $'000	2016 $'000
Revenue from ordinary activities	Down	44%	57	102
Loss after tax attributable to members	Up	29%	(2,589)	(2,002)

Net Tangible Assets Per Share

	2017	2016
Net tangible asset backing per share (cents per share)	4.39	5.41

Dividends
The Directors have determined that there will be no interim dividend for the half year ended 31 March 2017.

Review Of Results
Please refer to the half year financial report. This half year financial report is to be read in conjunction with the most recent annual financial report.

Compliance Statement
This report is based on financial statements that have been reviewed.

HEEMSKIRK
CONSOLIDATED

Heemskirk Consolidated Limited
ASX: 'HSK'

Half Year Report
For the six months ended 31 March 2017

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Directors' report
for the six months ended 31 March 2017

The Directors present their report together with the consolidated financial report of the Heemskirk Consolidated Group, comprising the Company and its controlled entities for the six months ended 31 March 2017 ("the period").

Directors

The names and details of the Directors of the Company in the office during the period and until the date of this report are:

Garry Cameron, Non-Executive Chairman
John Taylor, Non-Executive Director
Peter McKenna, Non-Executive Director

Principal Activities

The Company's principal activity during the period was the development of the Moberly Project ("the Project").

Operating and financial results

The loss after income tax for the six months ended 31 March 2017 was $2.589 million (31 March 2016: $2.002 million). Included in the results for the six months ended 31 March 2017 is net loss of $0.450 million on foreign currency forward contracts in addition to $0.400 million in costs relating to the Northern Silica Corporation[1] (NSC) off-market takeover offer.

The net assets of the Group decreased from $27.617 million at 30 September 2016 to $24.687 million at 31 March 2017. The decrease reflects the current period loss after tax and foreign currency translation losses arising from the strengthening of the AUD against the CAD.

Review of Operations

Corporate - Takeover

On 22 December 2016, Heemskirk released an announcement in relation to Taurus Resources No.2 BV's[2] (Taurus BV) proposal for an off-market takeover offer for all of Heemskirk's Shares.

On 13 February 2017, NSC and Heemskirk entered into a Takeover Implementation Agreement setting out the terms of the proposed offer (the "Offer"). The Offer of $0.075 cash (cash consideration) or 1 Bidder share for 1 Heemskirk share (scrip consideration) opened on 15 March 2017.

The cash consideration represented a premium to Heemskirk share prices prior to announcement of Taurus BV's proposal on 22 December 2016:

- 50% to the Heemskirk closing share price on 21 December 2016;
- 18% to the Heemskirk 1 month volume weighted average price ("VWAP") to 21 December 2016; and

[1] A subsidiary of Taurus BV, a major shareholder and provider of the secured debt facility to the Moberly Project.

[2] As at 27 March 2017, the last substantial holder notice released prior to 31 March 2017, Taurus BV and its associates held 32.78% of fully paid ordinary shares in the Company.

- 60% to the Heemskirk 12 month VWAP to 21 December 2016.

On 28 March 2017, the Company lodged its Target's Statement accompanied with the Independent Expert Report relating to the Offer. The Independent Expert assessed the value of Heemskirk and concluded that the cash consideration of the Offer was fair and reasonable to Heemskirk shareholders in the absence of a superior proposal.

NSC declared the Offer unconditional on 8 May 2017 and a Notice freeing the Offer of all defeating conditions was lodged with Australian Securities Exchange ("ASX") and Australian Securities and Investments Commission ("ASIC").

The Offer closed at 7pm on 16 May 2017 and NSC announced that it had obtained a relevant interest of over 90% in HSK and that it would proceed with compulsory acquisition of all remaining shares in HSK.

On 17 May 2017, NSC announced it had obtained a relevant interest of 97.45% in HSK.

The securities of Heemskirk Consolidated Limited was suspended from ASX quotation on 23 May 2017 in accordance with the ASX listing rules following the dispatch of the compulsory acquisition notices by NSC.

Funding requirements

As previously announced, as a result of the update to the construction schedule and debt repayments required to Taurus BV under the secured debt facility, additional short term funding is required during project commissioning, early production and for the commencement of studies for Stage 2 of the Project.

Taurus BV offered a C$10 million unsecured working capital facility ("bridging facility") to be made available to the Company upon the Offer being declared unconditional. The Offer was declared unconditional on 8 May 2017. At the time of writing, the bridging facility agreement was in the process of being executed by the counterparties. This additional funding will enable the Company to complete the construction and commissioning of the Project as well as meet debt repayments required under the Taurus BV secured debt facility.

The key terms of the C$10 million bridging facility include:

- A bullet repayment at maturity date, 31 March 2018, with no penalty for early repayment;
- Interest rate of 12.5% per annum on drawn funds, to be repaid in NSC shares; and
- A 2% arrangement fee on the total facility size and a 2% commitment line fee on undrawn funds, to be repaid in NSC shares;

Repayment of the bridging facility is intended to be via a new equity issue by NSC following completion of the Offer on the following key terms:

- Issue price of C$0.075 per share; and
- All NSC shareholders may participate in the equity raising on a pro-rata basis to their shareholdings in NSC.

The Company is working through satisfying the conditions precedent to the first drawdown of the bridging facility.

Moberly Project - Phase 1 ("the Project")

Construction of the Project continues to progress. Engineering issues identified in the procurement and shop drawing stages has impacted the construction schedule and capital spend. Construction is now scheduled to be complete by 30 June 2017 with first commercial sales expected in Q3 CY2017.

Construction of the mine haul road was completed in December 2016 and the planning of the 2017 Mining Campaign has commenced to ensure sufficient stockpile at site for commissioning and production.

Erection of the process building envelope was completed in February 2017. Cladding and roof work is also substantially complete awaiting delivery and installation of processing equipment before it can be finalised. Key processing equipment has been delivered to site and mechanical and electrical installations are underway.

The storage silos and the cyclone were installed early April 2017 completing the equipment installation process.

Construction items remaining to be completed include electrical and mechanical installation. The electrical installation will provide the required power to operate the plant and the mechanical work will connect the processing equipment together.

A staged commissioning plan has been developed and commenced during May 2017. It is anticipated that commissioning will be complete by 31 July 2017. Once the plant has been successfully commissioned and is running at steady state, it will be operating 24 hours per day.

The Company remains in negotiations with various potential offtakers and received an expression of interest (dated 17 February 2017) from Canadian oil and gas exploration company, Velvet Energy Ltd, to purchase 100,000 to 150,000 metric tonnes from the Project. The Company anticipates entering into supply contracts during Q2 2017.

Project expansion case – Phase 2

The Company recently engaged its engineering contractor, Morrison Hershfield to review the expansion of the Project and produce a high level report of its findings. The review investigated potential bottleneck areas for an expansion of capacity from 300,000 metric tonnes per annum (mtpa) to 600,000 mtpa.

The report found that the indicative capital costs of the expansion is approximately C$18 million[3] which is materially less that the capital cost of the original project (currently anticipated to be C$37 million through to construction completion at 30 June 2017).

The next step for the Company is to commission a feasibility study to prove up the expansion case. This would determine the economics of the expansion and produce detailed designs and costings. Current expectations are that the expansion could be underway in 2018 and completed in 2019.

[3] Cost estimates provided in the report are high-level estimates provided without a detailed design / scope of work, nor cost-consultant / contractor involvement, and represent only order-of-magnitude opinion of probable costs. Significant deviations in final project costs can only be realised after a scope of work is designed, contractors provide competitive quotations, and the project is complete such that hidden or latent defects are found and included.

Business strategy and industry outlook

The Company's activities are primarily focussed on completing efficiently the construction and commissioning of the Project. More broadly, Heemskirk's strategy is to be the dominant quality producer of silica sand for the glass, cement and oil & gas markets in Canada and North America.

Market conditions for North American hydraulic fracturing sand demand remains strong. Proppant demand and usage is expected to increase in CY2017 and CY2018 meaning that the Project is well positioned to take advantage of the increase in demand.

Rounding of Amounts

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the class order applies.

Subsequent events

On 8 May 2017, as a result of the offer being declared unconditional, all granted Restricted Share Units (RSUs)[4] vested to employees immediately in accordance with the Company's variable remuneration policy. A cash payment of $0.02 million was made to Key Management Personnel. Refer to Note 11 Related parties for more details.

On 8 May 2017, as a result of the offer being declared unconditional, all granted employee shares and rights[5] vested in accordance with the terms of the Employee Share Plan. Granted employee shares that were in the money were exercised. The outstanding loan balance owing to the Company will be deducted from the consideration received and the balance will be remitted to the respective employees. Granted employee rights that were in the money was settled in return for consideration paid. All employee shares and rights that were not in the money have been forfeited by employees.

On 16 May 2017, NSC announced that it had obtained a relevant interest of over 90% in HSK and that it would proceed with compulsory acquisition of all remaining shares in HSK. The Offer closed at 7pm on 16 May 2017 and on 17 May 2017, NSC announced it had obtained a relevant interest of 97.45% in HSK.

On 19 May 2017, the Company drew down the final US$5 million of the US$25 million Taurus BV secured debt facility. A further 1,576,215 options vested upon the drawdown of funds.

On 23 May 2017, the securities of Heemskirk Consolidated Limited were suspended from ASX quotation in accordance with the ASX Listing Rule 17.4 following the dispatch of the compulsory acquisition notices by NSC. Compulsory acquisition is expected to complete at the end of June 2017.

4 Long term incentives granted in relation to the 2016 year.

5 Long term incentives granted in relation to years prior to 2015.

Directors' report
for the six months ended 31 March 2017

Auditor Independence Declaration

A copy of the Auditor's Independence Declaration as required under the Corporations Act 2001 is set out on page 6.

Signed in accordance with a resolution of the Directors

Garry Cameron	**John Taylor**
Non-Executive Chairman	Non-Executive Director

Melbourne
30 May 2017

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Auditor's Independence Declaration to the Directors of Heemskirk Consolidated Limited

As lead auditor for the review of Heemskirk Consolidated Limited for the half-year ended 31 March 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Heemskirk Consolidated Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Michael Collins
Partner
Melbourne
30 May 2017

Interim consolidated statement of comprehensive income

for the six months ended 31 March 2017

	Note	For the 6 months ended 31 Mar 17 $'000	31 Mar 16 $'000
Interest income		**54**	74
Sale of goods		**3**	28
Total revenue		**57**	102
Cost of sales		**-**	-
Gross profit		**57**	102
Net loss on equity investments	*4*	**(41)**	(1,670)
Gain/(loss) on foreign exchange		**(8)**	2
Gain/(loss) on forward currency contracts	*5*	**(450)**	1,600
Other income		**4**	31
Total other expenses		**(495)**	(37)
Depreciation and amortisation expense		**(254)**	(174)
Employee benefits expense		**(865)**	(1,051)
Corporate costs		**(408)**	(412)
Consultants and advisory expense		**(612)**	(453)
Finance costs		**(14)**	(3)
Loss before income tax		**(2,591)**	(2,028)
Income tax benefit		**2**	26
Loss after income tax		**(2,589)**	(2,002)
Other comprehensive income:			
Items that will be subsequently reclassified to the income statement:			
Gain/(loss) on foreign currency translation		**(373)**	(886)
Items that will not be subsequently reclassified to profit or loss:			
Asset revaluation		**-**	(16)
Other comprehensive income/(loss) for the period, net of tax		**(373)**	(902)
Total comprehensive loss for the period		**(2,962)**	(2,904)
		cents	**cents**
Loss per share			
Basic loss per share		**(0.46)**	(0.74)
Diluted loss per share		**(0.46)**	(0.74)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim consolidated statement of financial position

as at 31 March 2017

	Note	31 Mar 2017 $'000	30 Sep 2016 $'000
Current assets			
Cash and cash equivalents	*3*	**9,757**	13,305
Trade and other receivables		**391**	327
Inventories		**2,280**	2,116
Other financial assets	*4*	**626**	894
Derivative financial assets	*5*	**161**	976
Other current assets		**81**	97
Total current assets		**13,296**	17,715
Non-current assets			
Property, plant and equipment		**4,622**	4,835
Mine development	*8*	**38,648**	22,587
Deferred tax assets		**19**	18
Total non-current assets		**43,289**	27,440
Total assets		**56,585**	45,155
Current liabilities			
Trade and other payables	*9*	**4,433**	4,224
Interest bearing liabilities	*10*	**2,969**	908
Provisions		**179**	152
Total current liabilities		**7,581**	5,284
Non-current liabilities			
Deferred tax liabilities		**40**	40
Interest bearing liabilities	*10*	**24,021**	11,916
Provisions		**256**	298
Total non-current liabilities		**24,317**	12,254
Total liabilities		**31,898**	17,538
Net assets		**24,687**	27,617
Equity			
Contributed equity		**97,532**	97,532
Reserves		**719**	1,060
Retained earnings/(losses)		**(73,564)**	(70,975)
Total equity		**24,687**	27,617

The above statement of financial position should be read in conjunction with the accompanying notes.

Interim consolidated statement of changes in equity

for the six months ended 31 March 2017

	Issued capital $'000	Retained earnings $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Share based payment reserve $'000	Total Equity $'000
Balance as at 1 October 2015	87,836	(66,155)	277	879	828	23,665
Loss for the period	-	(2,002)	-	-	-	(2,002)
Other comprehensive income	-	-	(16)	(886)	-	(902)
Total comprehensive income	-	(2,002)	(16)	(886)	-	(2,904)
Transactions with owners in their capacity as owners						
Issue of share capital	9,926	-	-	-	-	9,926
Transaction costs on issued capital, net of tax	(230)	-	-	-	-	(230)
Employee share based payments	-	-	-	-	2	2
Balance as at 31 March 2016	97,532	(68,157)	261	(7)	830	30,459
Balance as at 1 October 2016	**97,532**	**(70,975)**	**277**	**(219)**	**1,002**	**27,617**
Loss for the period	**-**	**(2,589)**	**-**	**-**	**-**	**(2,589)**
Other comprehensive income	**-**	**-**	**-**	**(373)**	**-**	**(373)**
Total comprehensive income	**-**	**(2,589)**	**-**	**(373)**	**-**	**(2,962)**
Transactions with owners in their capacity as owners:						
Other share based payments	**-**	**-**	**-**	**-**	**32**	**32**
Balance as at 31 March 2017	**97,532**	**(73,564)**	**277**	**(592)**	**1,034**	**24,687**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Interim consolidated statement of cash flows

for the six months ended 31 March 2017

	Note	For the 6 months ended 31 Mar 17 $'000	31 Mar 16 $'000
Operating activities			
Receipts from customers		**2**	39
Payments to suppliers and employees		**(2,771)**	(1,953)
Interest received		**54**	72
Net cash flows used in operating activities		**(2,715)**	(1,842)
Investing activities			
Proceeds from the sale of equity investments		**227**	-
Proceeds from the sale of property, plant and equipment		**-**	14
Purchases of property, plant and equipment		**(126)**	(64)
Mine development expenditure		**(14,543)**	(761)
Net cash flows used in investing activities		**(14,442)**	(811)
Financing activities			
Proceeds from issue of share capital, net of transaction costs		**-**	9,696
Proceeds from borrowings		**13,785**	-
Repayment of finance leases		**(162)**	-
Borrowing costs paid		**-**	(366)
Net cash flows from financing activities		**13,623**	9,330
Net increase/(decrease) in cash and cash equivalents		**(3,534)**	6,677
Cash and cash equivalents at beginning of year		**13,305**	5,974
Net foreign exchange differences		**(14)**	(90)
Cash and cash equivalents at end of year		**9,757**	12,561

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. Corporate Information

The condensed consolidated interim financial statements of Heemskirk Consolidated Limited and its subsidiaries (collectively, the Group) for the six months ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on 30 May 2017.

Heemskirk Consolidated Limited (the Company) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group's principal activity is the development of the Moberly Project.

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 March 2017 have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The condensed consolidated interim financial statements does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 September 2016.

It is also recommended that the condensed consolidated interim financial statements be considered together with any public announcements made by Heemskirk Consolidated Limited and its controlled entities during the six months ended 31 March 2017 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

The condensed consolidated interim financial statements are presented in Australian dollars.

Changes in accounting policies, accounting standards and interpretations

The condensed consolidated interim financial statements have been prepared using the same accounting policies, significant judgements and estimates as those used in the most recent annual financial statements for the year ended 30 September 2016.

The Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the six months ended 31 March 2017. It has been determined by the Group that there is no material impact of the new and revised Standards and Interpretations on its business. The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective.

Going concern

The condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes the Group will be able to realise its assets and discharge its liabilities in the normal course of business.

2. Basis of preparation and changes to the Group's accounting policies (continued)

Going concern (continued)

At 31 March 2017, the Group had cash and cash equivalents of $9.757 million and a debt position of $26.990 million. As part of the Taurus BV secured debt facility, the Company is required to make interest payments from August 2017, commence principal repayments from November 2017 and set aside US$3.0 million in a debt service reserve account in November 2017.

As announced previously, Taurus BV had offered a C$10 million unsecured working capital facility ("bridging facility") to be made available to the Company, upon the NSC offer being declared unconditional. NSC declared the offer unconditional on 8 May 2017 and a Notice freeing the offer of all defeating conditions was lodged with ASX and ASIC.

At the time of writing, the bridging facility agreement was in the process of being executed by the counterparties. This additional funding will enable the Company to complete the construction and commissioning of the Moberly Project as well as meet debt repayments required under the Taurus secured debt facility.

A staged commissioning plan has been developed and commenced during May 2017. It is anticipated that commissioning will be complete by 31 July 2017. Once the plant has been successfully commissioned and is running at steady state, it will be operating 24 hours per day.

The key terms of the C$10 million bridging facility include:

- A bullet repayment at maturity date, 31 March 2018, with no penalty for early repayment;
- Interest rate of 12.5% per annum on drawn funds, to be repaid in NSC shares; and
- A 2% arrangement fee on total facility size and a 2% commitment line fee on undrawn funds, to be repaid in NSC shares.

Repayment of the bridging facility is intended to be via a new equity issue by NSC following completion of the Offer on the following key terms:

- Issue price of C$0.075 per share; and
- All NSC shareholders may participate in the equity raising on a pro-rata basis to their shareholdings in NSC.

The Company is working through satisfying conditions precedent to the first drawdown of the bridging facility. The conditions precedent are typical for facilities of this nature and include completion of legal documentation, provision of documents and evidence to the financier. The Directors are not aware of any reason why the conditions precedent are not presently able to be satisfied.

On this basis, the Directors have prepared the consolidated interim financial statements on the going concern basis.

Should the bridging facility not be executed, there may be material uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in this financial report. This financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

3. Cash & cash equivalents

	31 Mar 2017 $'000	30 Sep 2016 $'000
Cash at bank and in hand (1)	**7,907**	11,455
Short term deposit (2)	**1,850**	1,850
Total cash & cash equivalents (3)	**9,757**	13,305

(1) The Group has in place letters of credits totalling $0.147 million with the Government of Canada in relation to the issue of the mining and agricultural permits of the Moberly Mine.

(2) The Group has pledged $0.503 million (2016: $1.602 million) of its short term deposit to fulfil collateral requirements.

(3) As part of the Taurus BV secured debt facility, US$3.0 million will be required to be set aside in a Debt Service Reserve Account in November 2017.

4. Equity investments

	31 Mar 2017 $'000	31 Mar 2016 $'000
The net fair value gain/(loss) recognised in the statement of comprehensive income is from:		
Almonty Industries Inc.	**21**	(1,666)
Other equity investments	**(62)**	(4)
Total fair value gain/(loss) on equity investments	**(41)**	(1,670)

The carrying value of equity investments at 31 March 2017 was $0.626 million (30 September 2016: $0.894 million).

5. Derivative financial assets

	31 Mar 2017 $'000	30 Sep 2016 $'000
Current		
Foreign currency forward contracts	**161**	976
Total derivative financial assets	**161**	976

The Group has in place foreign currency forward contracts to sell USD5.1 million (2016: USD16.4 million) and receive CAD at a weighted average exchange rate of 1 USD = 1.37 CAD. The foreign currency forward contracts are secured in part by the term deposit of $1.850 million and will be released as these contracts mature.

The Group recorded a net fair value loss of $0.450 million (2016: $1.600 million gain) on foreign currency forward contracts during the six months to 31 March 2017.

6. Fair value of financial instruments

The carrying amounts and estimated fair values of the Group's financial instruments recognised in the financial statements are materially the same.

Listed equity investments are categorised as Level 1 in the fair value hierarchy. The fair value of this approach is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

The foreign currency forward contracts are valued at level 2 on the fair value hierarchy. The fair value of foreign currency forward contracts are calculated by reference to forward exchange market rates for contracts within similar maturity profiles at the time of valuation.

7. Tax losses

The Company has unrecognised deferred tax benefits relating to capital and income tax losses of $15.984 million (2016: $14.056 million). The composition includes $12.086 million (2016: $11.845 million) in Australia and $3.898 million (2016: $2.211 million) in Canada. The Company recognises the benefit of tax losses to the extent they remain available and to the extent of probable future taxable income or gains in relevant jurisdictions.

8. Mine development

	31 Mar 2017 $'000	30 Sep 2016 $'000
Opening net book amount	**22,587**	7,461
Additions	**15,410**	15,126
Capitalised borrowing costs	**1,357**	927
Amortisation charge for the year	**(9)**	(19)
Foreign exchange fluctuations	**(697)**	(908)
Closing balance	**38,648**	22,587
Net carrying amount:		
Cost	**38,853**	22,787
Accumulated amortisation	**(205)**	(200)
Closing balance	**38,648**	22,587

Impairment disclosures
At 31 March 2017, the Mining Canada Cash Generating Unit was assessed for impairment indicators. No impairment indicators were identified. The Consolidated entity's market capitalisation exceeded the carrying amount of the Group's net assets and the Group was subject to an off-market takeover bid by NSC for all of Heemskirk's shares at an offer price of $0.075 per share or 1 Bidder share for 1 Heemskirk share held.

The underlying assumptions that were applied in determining the fair value of the Mining Canada CGU as at 30 September 2016 remain appropriate and reasonable as at 31 March 2017. These key assumptions include operating life, estimated production levels, revenue and production costs and a real post tax discount rate.

9. Trade and other payables

	31 Mar 2017 $'000	30 Sep 2016 $'000
Current		
Trade payables	**124**	95
Sundry creditors and accrued expenses	**341**	977
Payables relating to the Moberly Project	**3,968**	3,152
Total trade and other payables	**4,433**	4,224

10. Interest bearing liabilities

	31 Mar 2017 $'000	30 Sep 2016 $'000
Current		
Secured Liabilities		
Obligations under finance leases and hire purchase contracts	**310**	315
Debt facility	**2,659**	593
Total current interest bearing liabilities	**2,969**	908
Non-current		
Secured Liabilities		
Obligations under finance leases and hire purchase contracts	**496**	652
Debt facility	**25,101**	13,073
Total secured	**25,597**	13,725
Deferred borrowing costs	**(1,576)**	(1,809)
Total non-current interest bearing liabilities	**24,021**	11,916
Total interest bearing liabilities	**26,990**	12,824

The Group has in place a USD40.0 million debt facility with Taurus BV(1) to fund the construction of the Moberly Project. The facility is available in two tranches. The Group has drawn US$20.0 million of the US$25.0 million first tranche as at 31 March 2017. There have been no changes to the terms of the debt facility.

Refer to Note 2 for disclosure in respect of the bridging facility.

(1) As at 27 March 2017, the last substantial holder notice released prior to 31 March 2017, Taurus BV and its associates held 32.78% of fully paid ordinary shares in the Company.

11. Related parties

Transactions with related parties
There have been no new related party transactions other than the arrangements that were in place at 30 September 2016. For details on these arrangements, please refer to the Group's annual financial report as at 30 September 2016. The Group continues to transact with Taurus BV as financier and a substantial shareholder at the date of this report.

Remuneration of key management personnel
During the six months ended 31 March 2017, the Company granted 261,194 (2016: nil) Restricted Share Units (RSUs) to Key Management Personnel. The RSUs fully vest three years after the date of the original grant (with certain exceptions). Upon vesting, the employee will receive a cash payment provided they are still employed by the Group on the vesting date. Refer to Note 13 for subsequent events disclosure.

12. Construction and other commitments

	31 Mar 2017 $'000	30 Sep 2016 $'000
The Group has in place the following construction commitments for the construction of Stage 1 of the Moberly Project:		
Within one year	**8,243**	22,135
After one year but not more than five years	**-**	-
Total construction and other commitments	**8,243**	22,135

Additional to the construction commitments set out above, the Group has ongoing commitments in relation to operating and finance leases. These commitments are as described in the Group's annual financial report as at 30 September 2016.

13. Subsequent events

On 8 May 2017, as a result of the offer being declared unconditional, all granted Restricted Share Units[(1)] vested to employees immediately in accordance with the Company’s variable remuneration policy. A cash payment of $0.02 million was made to Key Management Personnel.

On 8 May 2017, as a result of the offer being declared unconditional, all granted employee shares and rights[(2)] vested in accordance with the terms of the Employee Share Plan. Granted employee shares that were in the money were exercised. The outstanding loan balance owing to the Company will be deducted from the consideration received and the balance will be remitted to the respective employees. Granted employee rights that were in the money was settled in return for consideration paid. All employee shares and rights that were not in the money have been forfeited by employees.

(1) Long term incentives granted in relation to the 2016 year.

(2) Long term incentives granted in relation to years prior to 2015.

13. Subsequent events (continued)

On 16 May 2017, NSC announced that it had obtained a relevant interest of over 90% in HSK and that it would proceed with compulsory acquisition of all remaining shares in HSK. The Offer closed at 7pm on 16 May 2017 and on 17 May 2017, NSC announced it had obtained a relevant interest of 97.45% in HSK.

On 19 May 2017, the Company drew down the final US$5 million of the US$25 million Taurus BV secured debt facility. A further 1,576,215 options vested upon the drawdown of funds.

On 23 May 2017, the securities of Heemskirk Consolidated Limited were suspended from ASX quotation in accordance with the ASX Listing Rule 17.4 following the dispatch of the compulsory acquisition notices by NSC. Compulsory acquisition is expected to complete at the end of June 2017.

Directors' declaration

In accordance with a resolution of the directors of Heemskirk Consolidated Limited, we state that:

In the Directors' opinion:

(a) The half year financial statements and notes are in accordance with the Corporations Act 2001, including:

   (i) Giving a true and fair view of the consolidated entity's financial position as at 31 March 2017 and of its performance for the half year ended on that date; and

   (ii) Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

Garry Cameron
Non-Executive Chairman
Melbourne, 30 May 2017

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To the members of Heemskirk Consolidated Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Heemskirk Consolidated Limited, which comprises the statement of financial position as at 31 March 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the director's declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 March 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Heemskirk Consolidated Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Heemskirk Consolidated Limited is not in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2017 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which describes the fact that the bridging facility agreement is not yet executed. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Ernst & Young

Ernst & Young

Michael Collins
Partner
Melbourne
30 May 2017