

# HEEMSKIRK

## Quarterly Report



For the period ending  
31 December 2014 (unaudited)

**Moberly Project -  
footings  
construction on  
schedule and on  
budget**

### KEY POINTS

- 🚧 **Footings construction process running to schedule and budget at Moberly site**
- 🚧 **Cash and cash equivalents \$8.84 million**

### SUMMARY

#### Group Safety

- There were no safety incidents during the quarter

#### Corporate

- Cash and cash equivalents \$8.84m
- Equity investments \$3.8m
- Unsecured Convertible Notes: 5.667m shares to be issued and \$2.83m (including redemption and interest) payable in cash on 30 March 2015
- Annual General Meeting to be held on 26 February 2015

#### Moberly Frac Sand Project

- First stage of construction commenced during the quarter and proceeding as planned with no delay in the construction schedule
- This stage of construction is 10% complete as at the end of the December quarter
- The Company is continuing to pursue funding opportunities for the Project

For further information, please  
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Peter Bird  
Managing Director



### **Company Safety**

There were no safety incidents during the quarter. Currently both the Company LTI and MTI frequency rates are at zero.

### **Cash Movements**

Canada and Corporate overheads for the December quarter, including redundancies and other extraordinary items, were \$0.909m. These expenses are budgeted at \$0.475m for the March quarter.

### **Operations**

#### **Canadian Industrial Minerals (100% owned)**

During the quarter, the business operated an administrative office in Calgary, Alberta and at the Moberly plant site (including the Project site) in British Columbia.

### ***Project Performance Summary***

**Table 1: Project Key Operating Statistics**

	<b>Dec Qtr 2014</b>	<b>Sep Qtr 2014</b>	<b>YTD 2015</b>	<b>YTD 2014</b>
Canadian Industrial Minerals Production (tonnes)	0	167	0	27,314
Cost of Sales (C\$m)	0.53	0.33	0.53	8.10

### ***Production***

No industrial minerals were produced during the December quarter. Production was placed on hold to enable the commencement of the first stage of construction of the Moberly frac sand project.

### ***Exploration***

No exploration activity was undertaken at the Canadian operations during the quarter.



### **Key Investments**

The Company holds 5.56m shares in Almonty Industries, a TSX Listed tungsten producer. The shares were received as part payment for the sale of Heemskirk's Los Santos Tungsten Mine to Almonty in April 2011. The market value of the holding as at 31 December 2014 was C\$3.5m (A\$3.7m).

### **Corporate**

Cash and cash equivalents

- Cash and cash equivalents \$8.8m

Other financial assets

- At the end of the quarter the Company held \$3.8m in equity investments including 5.56m shares in Almonty Industries (TSXV:All) at C\$0.63

Interest bearing loans and borrowings

- On 31 March 2011 the Company issued 1,889,000 unsecured convertible notes with an issue price of \$2.00, a maturity date of 30 March 2015 and a coupon of 10.25% per annum payable semi annually. Noteholders had the option to convert every six months from 31 December 2012 to 31 December 2014. Each unsecured convertible note will be converted into 3 fully paid ordinary shares in the Company and \$1.45 cash. On maturity 5,667,000 fully paid shares will be issued and \$2.74m will be paid in cash plus interest of approximately \$.095m

Annual General Meeting

- The Company's Annual General Meeting will be held on Thursday 26 February 2015 commencing at noon (AEDT) at the RACV Club, Level 2, 501 Bourke Street, Melbourne Victoria

### **The Moberly Project**

As previously announced, the Moberly Project is a redevelopment of an existing permitted open pit mine and facility to produce high quality API Specification Frac Sand Product for supply into the Western Canadian Oil and Gas industry.



**Figure 1 Mine and Plant Site (foreground) just prior to excavation**

### **Moberly Project Construction Update**

#### **Safety**

- No safety concerns were identified during the quarter

#### **Weather**

- Weather conditions have not hampered operations during the quarter

#### **Activity**

- The construction contractor mobilised excavation equipment to the Moberly Site during the quarter
- Footings excavation of the main process building progressed on schedule
- Construction of forms and rebar has proceeded as planned
- First concrete for footings was poured during the quarter



- Heating and formwork are in place to maintain above freezing temperatures for the newly poured footings

## ***Schedule***

- No issues reported against the construction schedule



***Figure 2 Moberly Plant Site - safety fencing and foundation establishment during December 2014 quarter***



***Figures 3 & 4 Concrete pouring at Moberly Plant site***