



**ASX Appendix 4D**  
**Half-Year Financial Report**  
**27 May 2015**

**HEEMSKIRK CONSOLIDATED LIMITED**

**ABN: 18 106 720 138**

ASX APPENDIX 4D AND FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 March 2015

ASX CODE: HSK

**Appendix 4D**  
**HEEMSKIRK CONSOLIDATED LIMITED**  
**For the half year period ended 31 March 2015**  
Comparisons are to the half year ended 31 March 2014

**Results for announcement to the market**

<u>Results</u>	<u>Current</u> <u>Period</u> \$'000	<u>Previous</u> <u>Period</u> \$'000	<u>% Change</u>
Revenue from continuing operations	143	371	(61%)
Other income/(loss)	(189)	(1,215)	84%
Loss from continuing operations after tax attributable to members	(2,505)	(3,233)	23%
Profit from discontinuing operations after tax attributable to members	-	3,389	(100%)
Net profit/(loss) attributable to members	(2,441)	156	1665%

Dividends

No final franked dividend for 2014 was paid during the period.

No dividend has been declared in respect of the 2015 year.

**Review of Results**

Please refer to the Management Discussion and Analysis included within this report.

This half year financial report is to be read in conjunction with the most recent annual report.

References to '1H' refer to the first half of the year, eg the period between 1 October 2014 and 31 March 2015.

References to '2H' refer to the second half of the year.

**Net Tangible Assets Per Share**

	<u>Current</u> <u>Period</u> 31 Mar 15	<u>Previous</u> <u>Period</u> 30 Sep 14	<u>Previous</u> <u>Period</u> 31 Mar 14
Net tangible assets per share (cents per share)	12	14	15

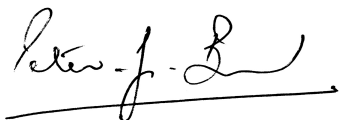
**Control Gained or Lost Over Entities Having A Material Effect**

Not applicable.

**Compliance Statement**

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

Signed:



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Peter J Bird  
Managing Director

Date: 27 May 2015

## Directors' Report

### Our Strategy

- Complete financing for the Moberly frac asset
- Continue construction of the frac asset
- Invest in Canada's safety, efficiency and capacity
- Continuous monitoring and optimising the group expenditures and business structure
- Subsequent to successful execution of the frac initiative pursue and focus on other assets

### Operating and Financial Review

#### Operations

Following the sale of Lethbridge operation in March 2014, the Company is now focused on continuing construction of the Moberly frac sand project.

The recent negative change in the oil and natural gas prices had a short term regressive impact on activity levels within the "oil patch" in the Western Canadian Sedimentary Basin; however this change has been more prominent within the Oil Sands sector (not a consumer of Frac Sand) and in the early stage exploration expenditure phase of company budgets. Oil and gas drilling activities continue in the WCSB at a reduced rate, however drilled wells still require stimulation (hydraulic fracturing) even if the well is intended to be shut-in after completion. Shut-in wells are wells that are brought into production quickly when prices recover or when additional production is required to meet contracted commitments. The current trend in new well completions has been to use more sand than previously. We expect the usage of sand over the next 12 months to be flat or slightly increased due to the change in completion sand volumes.

The Moberly Stage 1 Project is estimated to contribute to slightly less than 10% of regional consumption. As previously announced, the Mount Moberly White Frac Sand meets all API parameters and customer technical approvals within the region.

#### Moberly Frac Sand Project

The Moberly frac sand processing and distribution asset is strategically located within the Western Canadian Sedimentary Basin (WCSB) at Golden, British Columbia<sup>1</sup>.

In the six months to 31 March 2015 the Company has continued to develop the Moberly Frac Project achieving key milestones:

- 1 Establishment of process facility footings - Initial construction is approaching completion. This stage of development is costed at fixed price C\$2.1 million, is 73% complete and running to budget.

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<sup>1</sup> The Company and previous owners have operated Moberly as a quality screened sand operation for over 30 years

## Directors' Report

- 2 Project funding - Subsequent to commencement of initial construction, the Company is close to finalising a two tranche secured debt funding package from existing shareholder, Taurus Funds Management Pty Ltd. Tranche 1 funding is for US\$25m and will support completion of Stage 1 which has a nameplate capacity of 300,000tpa.

The Tranche 2 component of US\$15m would allow for expansion of the Project (see announcement of 10 February 2015)

The project is expected to deliver between a 30 mesh to 140 mesh product, sorted into size ranges as required by customers. With some flow sheet design changes, recoveries are expected to increase from 64% to approximately 75%. This has increased our valuation of the project from C\$64m to C\$82m using a Real Discount Rate of 7.5% (10.6% Nominal).

The Company invested CAD2.499 million (2014: CAD 0.541 million) in developing the Project, bringing the total cumulative exploration and evaluation expenditure on the project since inception to CAD 7.998 million (2014: CAD 5.449).

The Company continues due diligence activities with Taurus Funds Management and is confident this funding arrangement will be finalised.

## Corporate

The Company continued to reduce costs and optimise structure at its corporate office. Current corporate monthly baseline cash burn rate is approximately \$0.2 million. All Convertible Notes have been matured and converted on the 30 March 2015. Each Note converted into 3 ordinary shares in the Company (total shares issued 5.667 million) and \$1.45 cash payment (total \$2.739 million).

## Financial Overview

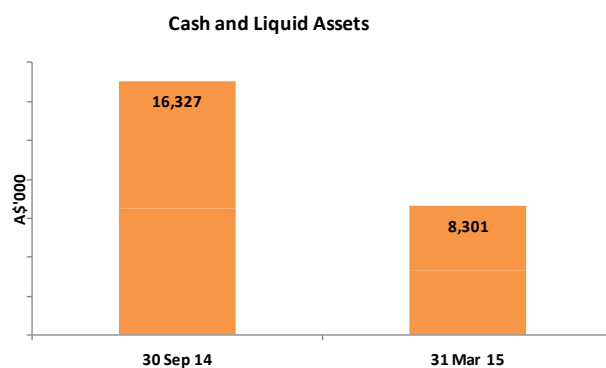
The Company recorded a net loss after income tax of \$2.441 million in 1H 2015 compared with \$0.156 million for 1H 2014.

The listed investment portfolio recorded a net loss of equity investment of \$0.255 million which included \$0.242 million unrealised loss. As production has been on hold in Canada during Moberly construction, \$0.966 million of Canada mining operation expenses has been re-classified into employee, corporate and consultant expenses accordingly reducing cost of goods sold to \$0.048 million 1H 2015 compared to \$0.803 million in 1H 2014.

## Cash and Liquid Assets<sup>2,3</sup>

The Company ended the year with cash and cash equivalents of \$4.356 million and \$3.945 million in other financial assets, representing total cash and liquid assets of \$8.301 million.

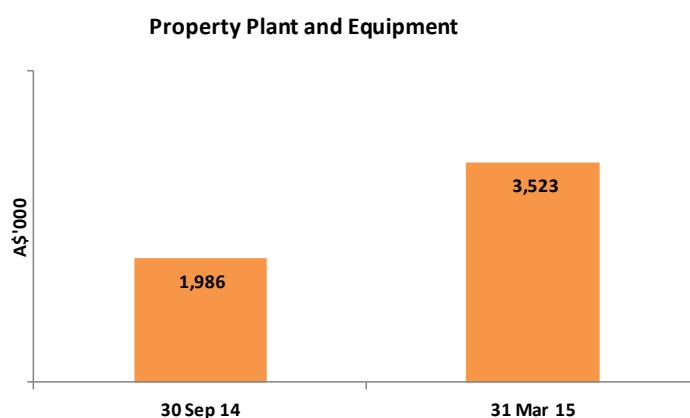
## Directors' Report



2. Cash and Liquid Assets is cash and cash equivalents plus other financial assets and has been extracted directly from the Balance Sheet.
3. This is non-IFRS financial information and has not been subject to review of audit by the Company's external auditor, but is considered relevant for users of the financial statements.

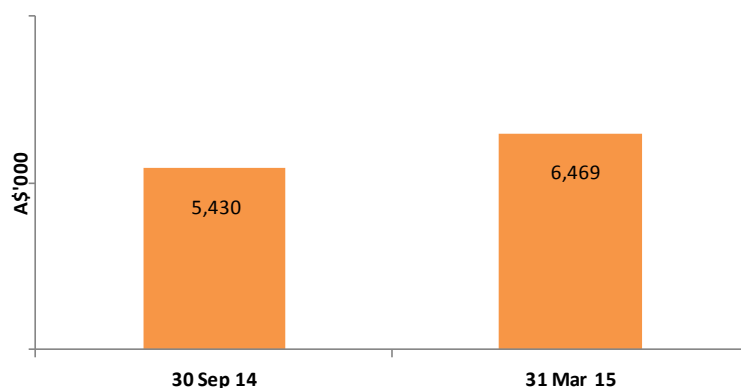
## Property Plant and Equipment, Exploration and Mine Development<sup>3,4</sup>

The Company has injected \$2.673 in the 1H of 2015 into Property Plant and Equipment and Mine Development, of which \$1.556 million in Property Plant and Equipment relates to building the plant foundations at the Moberly frac sand asset and \$0.998 million for the engineering design cost in Mine Development.



## Directors' Report

### Exploration, Evaluation and Mine Development

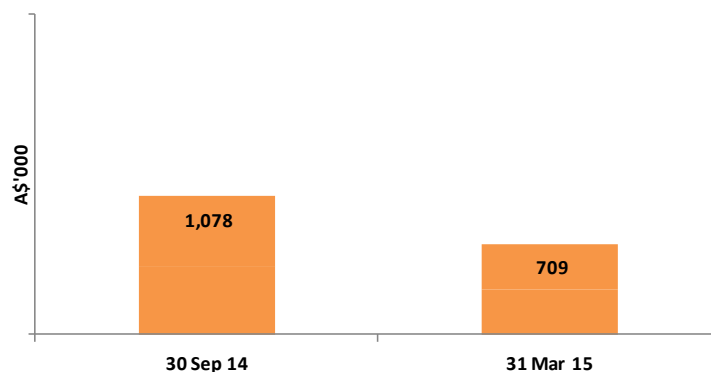


4 Property Plant and Equipment, Exploration, Evaluation and Mine Development has been extracted directly from the Balance Sheet.

### Working Capital<sup>3,5</sup>

Trade and Other Payables of \$1.146 million is responsible for lower group Working Capital at the end of March 2015. The main component is accrued Moberly frac project construction and engineering cost of \$0.814 million.

### Working Capital



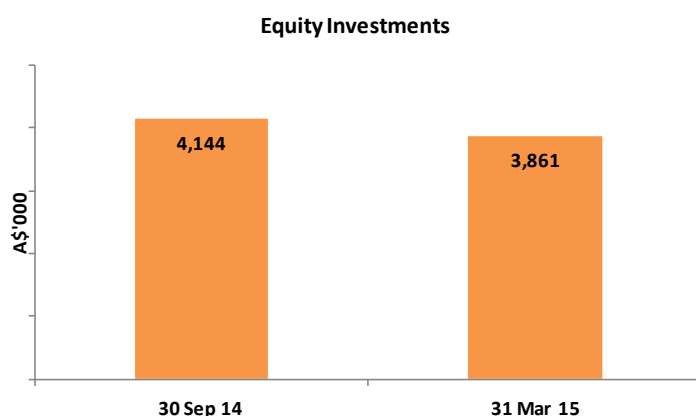
5 Working capital is Trade and other receivables plus Inventories minus Trade and other payables and has been extracted directly from the Balance Sheet

### Equity Investment

The Company held 15% of Almonty Industries Inc. valued at \$3.695 million on the 31 March 2015, the shares were valued at \$3.983 million on the 30 September 2014.

## Directors' Report

Realised and unrealised movements on other equity investments reduced the value by \$0.255 million during 1H 2015. The Company is seeking opportunities to liquefy these holdings as market condition present themselves.



## Board of Directors

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

Garry Cameron, Non Executive Chairman

Peter Bird, Managing Director

William A (Lex) Hansen, Non Executive Director (retired 26 February 2015)

John Taylor, Non Executive Director

No additional Directors held office during or subsequent to the reporting period. Following the retirement of William A (Lex) Hensen the board is in the process of reviewing and potentially appointing an additional Non Executive Director in the next 12 months.

## 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 Class Order 98/0100. The Company is an entity to which the class order applies.

## Management Assurance

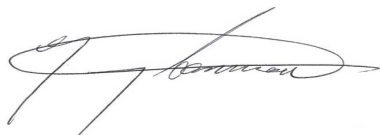
Consistent with recommendation 7.3 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the Board has received assurance from the Chief Executive Officer (who also acts in the capacity of Chief Financial Officer) that the company's half-year financial report for the period ended 31 March 2015 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

## Directors' Report

### Auditors' Independence Declaration

The Auditors' Independence Declaration for the half-year ended 31 March 2015 has been received and is located on this page.

Signed in accordance with a resolution of directors.



Garry Cameron

Chairman

27 May 2015

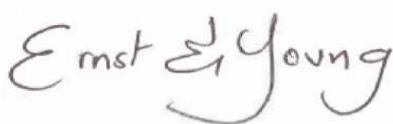


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### Auditor's Independence Declaration to the Directors of Heemskirk Consolidated Limited

In relation to our review of the financial report of Heemskirk Consolidated Limited for the half-year ended 31 March 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



Michael Collins

Partner

27 May 2015

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Liability limited by a scheme approved under Professional Standards Legislation



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 MARCH 2015**

		<b>31 March 2015 \$'000</b>	<b>31 March 2014 \$'000</b>
	<b>Note</b>		
Revenue from continuing operations	3(b)	143	371
Cost of sales		(48)	(803)
<b>Gross profit/(loss)</b>		<b>95</b>	<b>(432)</b>
Proceeds on sale of equity investments		28	47
Cost of equity investments sold		(41)	(133)
Unrealised losses on equity investments	6	(242)	(1,304)
Net losses on equity investments		(255)	(1,390)
Other income		66	175
<b>Total other income/(loss)</b>		<b>(189)</b>	<b>(1,215)</b>
Depreciation and amortisation expense		(163)	(227)
Employee benefits expense		(1,065)	(649)
Corporate costs		(552)	(288)
Consultants and advisory expense		(452)	(151)
Finance costs		(173)	(260)
Other expenses		(6)	(11)
Impairment expense		-	(11)
<b>Loss before income tax from continuing operations</b>		<b>(2,505)</b>	<b>(3,233)</b>
Income tax gain from continuing operations	5	64	-
<b>Loss after income tax from continuing operations</b>		<b>(2,441)</b>	<b>(3,233)</b>
Profit from discontinued operations (net of income tax)	4	-	3,389
<b>Profit/(loss) after income tax</b>		<b>(2,441)</b>	<b>156</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to the income statement</i>			
Foreign currency translation		80	(748)
Foreign currency translation differences recycled on disposal of foreign operation		-	(29)
<i>Items that will not be reclassified subsequently to the income statement</i>			
Asset revaluation		(1)	(358)
<b>Other comprehensive loss for the period, net of tax</b>		<b>79</b>	<b>(1,135)</b>
<b>Total comprehensive loss for the period</b>		<b>(2,362)</b>	<b>(979)</b>
<b>Earnings per share (EPS) from continuing operations</b>			
Basic earnings per share (cents)		(1.63)	(2.10)
Diluted earnings per share (cents)		(1.63)	(2.10)
<b>Earnings per share on profit/(loss)</b>			
Basic earnings per share (cents)		(1.58)	0.10
Diluted earnings per share (cents)		(1.58)	0.10

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

The consolidated statement of comprehensive income for the comparative period and notes have been restated to present results from continuing operations only.

# CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

		31 March 2015 \$'000	30 September 2014 \$'000
Note			
<b>ASSETS</b>			
<b>Current assets</b>			
		4,356	12,101
		498	388
		1,357	1,397
		3,945	4,226
		291	256
		<b>10,447</b>	<b>18,368</b>
<b>Non-current assets</b>			
	7	3,523	1,986
	8	6,469	5,430
		4	2
		<b>9,996</b>	<b>7,418</b>
		<b>20,443</b>	<b>25,786</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
		1,146	707
	9	18	2,776
		309	265
		-	783
		<b>1,473</b>	<b>4,531</b>
<b>Non-current liabilities</b>			
		59	58
	9	73	-
		38	35
		<b>170</b>	<b>93</b>
		<b>1,643</b>	<b>4,624</b>
		<b>18,800</b>	<b>21,162</b>
<b>EQUITY</b>			
		81,184	81,184
		968	889
		(63,352)	(60,911)
		<b>18,800</b>	<b>21,162</b>

The above balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 MARCH 2015

	Issued capital									
	Ordinary shares fully paid	Class A Ordinary shares partly paid	Class B Ordinary shares partly paid	Convertible notes	Reserved shares	Retained earnings	Asset revaluation reserve	Foreign currency translation reserve	Employee share based payment reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 October 2013</b>	<b>79,842</b>	<b>1</b>	<b>15</b>	<b>2,003</b>	<b>(677)</b>	<b>(59,874)</b>	<b>2,065</b>	<b>696</b>	<b>226</b>	<b>24,297</b>
Profit for the period	-	-	-	-	-	156	-	-	-	156
Foreign currency transaction differences recycled on disposal of foreign operation	-	-	-	-	-	-	-	(29)	-	(29)
Other comprehensive income net of tax	-	-	-	-	-	-	(358)	(748)	-	(1,106)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156</b>	<b>(358)</b>	<b>(777)</b>	<b>-</b>	<b>(979)</b>
<b>Transactions with owners in their capacity as owners</b>										
Employee share based payments	-	-	-	-	-	-	-	-	5	5
Transfer of assets revaluation reserve on disposal of land						1,342	(1,342)			
<b>Balance at 31 March 2014</b>	<b>79,842</b>	<b>1</b>	<b>15</b>	<b>2,003</b>	<b>(677)</b>	<b>(58,376)</b>	<b>365</b>	<b>(81)</b>	<b>231</b>	<b>23,323</b>

	Issued capital									
	Ordinary shares fully paid	Class A Ordinary shares partly paid	Class B Ordinary shares partly paid	Convertible notes	Reserved shares	Retained earnings	Asset revaluation reserve	Foreign currency translation reserve	Employee share based payment reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 October 2014</b>	<b>79,757</b>	<b>1</b>	<b>15</b>	<b>2,003</b>	<b>(592)</b>	<b>(60,911)</b>	<b>270</b>	<b>384</b>	<b>235</b>	<b>21,162</b>
Loss for the period	-	-	-	-	-	(2,441)	-	-	-	(2,441)
Foreign currency transaction differences recycled on disposal of foreign operation	-	-	-	-	-	-	-	-	-	-
Other comprehensive income net of tax	-	-	-	-	-	-	(1)	80	-	79
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,441)</b>	<b>(1)</b>	<b>80</b>	<b>-</b>	<b>(2,362)</b>
<b>Transactions with owners in their capacity as owners</b>										
Employee share based payments	-	-	-	-	-	-	-	-	-	-
Transfer of assets revaluation reserve on disposal of land	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2015</b>	<b>79,757</b>	<b>1</b>	<b>15</b>	<b>2,003</b>	<b>(592)</b>	<b>(63,352)</b>	<b>269</b>	<b>464</b>	<b>235</b>	<b>18,800</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 MARCH 2014**

	<b>31 March 2015 \$'000</b>	<b>31 March 2014 \$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	54	16,778
Payments to suppliers and employees	(2,266)	(16,423)
Interest received	76	118
Income tax paid	(756)	(280)
Finance costs paid	(306)	(301)
<b>Net cash flows from/(used in) operating activities</b>	<b>(3,198)</b>	<b>(108)</b>
<b>Cash flows from investing activities</b>		
Proceeds from the sale of equity investments	29	47
Proceeds from the sale of property, plant and equipment	15	-
Purchases of property, plant and equipment	(1,162)	(177)
Exploration, evaluation and mine development	(715)	(98)
<b>Net cash flows from/(used in) investing activities</b>	<b>(1,833)</b>	<b>(228)</b>
<b>Cash flows from financing activities</b>		
Convertible notes redemption/buy back	(2,739)	-
Proceeds/(repayment) of borrowings	-	(2,300)
<b>Net cash flows from/(used in) financing activities</b>	<b>(2,739)</b>	<b>(2,300)</b>
Net increase in cash and cash equivalents	(7,770)	(2,636)
Cash and cash equivalents at beginning of period	12,101	8,502
Net foreign exchange differences	25	5
<b>Cash and cash equivalents at end of period</b>	<b>4,356</b>	<b>5,871</b>

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

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2015

### NOTE 1: CORPORATE INFORMATION

The financial report of Heemskirk Consolidated Limited and its controlled entities (the Company) for the half-year ended 31 March 2015 was authorised for issue in accordance with a resolution of the directors on 27 May 2015.

Heemskirk Consolidated Limited (the parent entity) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

The half-year financial report is prepared in accordance with 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 half-year financial report does not include all notes of the type normally included in an annual financial report and should be read in conjunction with the recent annual financial report for the year ended 30 September 2014 and the half-year report for the half year ended 31 March 2014.

It is recommended that the half-year financial report be considered together with any public announcements made by Heemskirk Consolidated Limited and its controlled entities during the half-year ended 31 March 2015 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

#### (b) Basis of preparation

The half year financial report has been prepared on the basis of historical cost, except for equity investments that have been measured at fair value.

The Company is a for-profit entity.

Apart from the changes in the accounting standards adopted as noted below, the accounting policies and methods of computation adopted are the same as those adopted in the most recent annual financial statements for the year ended 30 September 2014.

The Company has adopted the following new and/or revised Standards, Amendments and Interpretations from 1 October 2014:

- AASB 2012-3 - Amendments to Australian Accounting Standards
- AASB 2013-3 - Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- Annual Improvement 2010 2012 cycle

Adoption of the above Standards, Amendments and Interpretations did not have any material effect on the financial position or performance of the Company.

The Company has not elected to adopt early any other new standards, amendments or interpretations that are issued but not yet effective.

### **(c) Significant judgements and estimates**

Apart from the items below noted below the significant judgements and estimates are the same as those in the most recent annual financial statements for the year ended 30 September 2014.

#### **Mine development costs**

The Company has considered the facts and circumstances surrounding the project and its proposed development as at 31 March 2015. Further the Company remains mindful of the shortfall of current market capitalisation to net assets as at 31 March 2015, which presents an indicator of impairment in accordance with the accounting standards.

In considering the implications of this indicator, the Company has considered the following:

##### *Funding arrangements and Project development*

The company remains engaged in due diligence and final negotiation of the proposed funding arrangements as previously communicated with the market. These negotiations continue to support the Company's assumptions underpinning the continued development of the project and support conclusions that recoverable amount of the project significantly exceeds its carrying value at 31 March 2015. The directors remain confident as to the prospects and returns on the ongoing investment in this project.

##### *Value considerations*

Notwithstanding the shortfall of market capitalisation to net assets at 31 March 2015, it is the Directors view that significant value exists in the Moberly frac sand project and the recoverable amount of this project is expected to significantly exceed its carrying amount. Further analysis through the period of funding considerations has not identified any matter that indicates to the Directors that there is a deterioration in the expected value of this project. Further the Directors remain confident that the fundamentals underpinning the development of this project remain strong.

Capitalised costs in relation to this project amount to AUD\$8.250 million (CAD\$7.998 million ) at 31 March 2015. Further capital costs supporting development are expected to be approximately AUD\$30 million (approximately CAD\$29 million). In the directors judgement a reasonably possible change in the assumptions used to determine recoverable amount, would not lead to the carrying value of the project exceeding its recoverable amount.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2015

### NOTE 3: SEGMENT INFORMATION

Management has determined the operating segments based on reports reviewed by executive management (Chief Operating Decision Maker) for making strategic decisions. The executive management team comprises the Board of directors and executive general managers. The executive management team monitors the business based on product and geographic factors and have identified three reportable segments.

Corporate charges are allocated to the Mining segment on a proportional basis linked to management time spent.

#### ***Mining Canada***

This segment covers operations 100% owned by the Company concerned with the mining and processing of Industrial Mineral Products. Lethbridge disposed of on 31 March 2014 and Moberly sites have been aggregated on the segment report.

Information relating to discontinued operations is located in Note 4.

#### ***Portfolio***

This segment covers the investment in listed Resource Equities.

#### ***Corporate***

This segment covers all other corporate activities.

#### **(a) Segment Results and Segment Assets**

The measurement of segment results is in line with the basis of information presented to management for internal management reporting purposes. The performance of each segment is measured on the net profit or loss after tax.

Segment accounting policies are the same as those applied across the Company with the exception of gains/losses on investments which are treated as segment revenue.

Segment information provided to the executive management team for the half year ended 31 March 2015 is as follows:

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2015**

**NOTE 3: SEGMENT INFORMATION (CONTINUED)**

<b>31 March 2015</b>		<b>Mining Canada \$'000</b>	<b>Portfolio ** \$'000</b>	<b>Corporate \$'000</b>	<b>Consolidated \$'000</b>
<b>Total segment revenue</b>	(b)	64	(255)	95	<b>(96)</b>
<b>Segment Operating EBITDA *</b>		(950)	(255)	(1,008)	<b>(2,213)</b>
Depreciation & amortisation		(151)	-	(12)	<b>(163)</b>
Net finance costs		(17)	-	(156)	<b>(173)</b>
Corporate charges		(332)	-	332	-
Asset disposals		44	-	-	<b>44</b>
Income tax expense		64	-	-	<b>64</b>
<b>Segment Profit/(loss) after tax</b>	(c)	<b>(1,342)</b>	<b>(255)</b>	<b>(844)</b>	<b>(2,441)</b>
Total Assets		12,749	3,861	3,833	<b>20,443</b>
Total Liabilities		(8,634)	-	6,991	<b>(1,643)</b>
<hr/>					
<b>31 March 2014</b>		<b>Mining Canada \$'000</b>	<b>Portfolio \$'000</b>	<b>Corporate \$'000</b>	<b>Consolidated \$'000</b>
<b>Total segment revenue</b>	(b)	16,575	(1,390)	118	<b>15,303</b>
<b>Segment Operating EBITDA *</b>		838	(1,405)	(945)	<b>(1,511)</b>
Depreciation & amortisation		(276)	-	(24)	<b>(300)</b>
Net finance costs		(105)	-	(161)	<b>(266)</b>
Corporate charges		(302)	-	302	-
Asset disposals		3,081	-	(42)	<b>3,039</b>
Income tax expense		(805)	-	-	<b>(805)</b>
<b>Segment Profit/(loss) after tax</b>	(c)	<b>2,431</b>	<b>(1,405)</b>	<b>(870)</b>	<b>156</b>
Total Assets		18,441	4,916	10,601	<b>33,958</b>
Total Liabilities		(15,247)	-	4,612	<b>(10,635)</b>

\* Operating EBITDA is earnings before interest, income tax, depreciation, amortisation charges and other indirect expenses.

\*\* Portfolio segment revenue primarily represents by unrealised losses per Note 6.



**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2015**

**NOTE 3: SEGMENT INFORMATION (CONTINUED)**

		<b>31 March 2015 \$'000</b>	<b>31 March 2014 \$'000</b>
<b>(b) Segment revenue reconciliation to statement of comprehensive income</b>			
Mining Canada	(i)	64	252
Corporate	(ii)	79	118
Total Revenue from continuing operations per statement of comprehensive income		<b>143</b>	<b>371</b>
<b>(i) Mining Canada</b>			
Mining Canada Revenue included in revenue from continuing operations		64	252
Other income/(expense) from continuing operations		-	168
Mining Canada Revenue included in revenue from discontinued operations		-	15,844
Other income/(expense) from discontinued operations		-	311
Total Segment Revenue - Mining Canada		<b>64</b>	<b>16,575</b>
<b>(ii) Corporate</b>			
Interest received		79	118
Corporate Revenue included in revenue from continuing operations		79	118
Other income/(expense)		16	-
Total Segment Revenue - Corporate		<b>95</b>	<b>118</b>
<b>(iii) Portfolio</b>			
Net gains/(losses) on equity investments		(255)	(1,390)
Total Segment Revenue - Portfolio		<b>(255)</b>	<b>(1,390)</b>
Total Segment Revenue		<b>(96)</b>	<b>15,303</b>
<b>(c) Segment net operating profit after tax reconciliation to the statement of comprehensive income</b>			
Segment profit/(loss) after tax from continuing operations		(2,441)	(3,233)
Segment profit/(loss) after tax from discontinued operations (Note 4)		-	3,389
Profit/(loss) after tax per statement of comprehensive income from continuing operations		<b>(2,441)</b>	<b>156</b>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2015

NOTE 4: DISCONTINUED OPERATIONS

	31 March 2015 \$'000	31 March 2014 \$'000
Profit after income tax from Lethbridge	-	708
Gain on sale after income tax from Lethbridge	-	2,681
Total profit after income tax from Lethbridge	-	3,389
<b>Net gain after income tax from discontinued operations</b>	<b>-</b>	<b>3,389</b>

**Lethbridge**

On 21 January 2014, the Company announced that a Sale Agreement was executed for the sale of its operating mineral products plant in Lethbridge, Canada and barite mineral claims in the United States with Marquis Alliance Energy. The sale was approved by shareholders on 20 March 2014 and completed on 31 March 2014. The gain on sale after tax of Lethbridge was CAD \$2.726 million (\$2.681 million).

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2015

## NOTE 5: INCOME TAX

### Tax Losses

The Company has an unrecognised deferred tax benefit relating to income tax losses of \$10.640 million (2014: \$10.092 million) in Australia and \$2.750 million (2014: \$1.933 million) in Canada. The Company recognises the benefit of tax losses only to the extent of anticipated future taxable income or gains in relevant jurisdictions.

## NOTE 6: UNREALISED GAINS/(LOSSES) ON EQUITY INVESTMENTS

31 March 2015 \$'000	31 March 2014 \$'000
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The net change in fair value recognised in the statement of comprehensive income is from:

Almonty Industries Inc.	(246)	(1,317)
Other equity investments	4	13
Net change in fair value reported in the statement of comprehensive income	(242)	(1,304)

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2015**

**NOTE 7: PROPERTY, PLANT AND EQUIPMENT**

**Reconciliation of carrying amounts at the beginning and end of the period**

<b>Half Year ended 31 March 2015</b>	<b>Freehold Land \$'000</b>	<b>Buildings \$'000</b>	<b>Plant and Equipment \$'000</b>	<b>Computer Hardware and Software \$'000</b>	<b>Motor Vehicles \$'000</b>	<b>Leasehold Improvements \$'000</b>	<b>Total \$'000</b>
At 1 October 2014, net of accumulated depreciation							
	406	544	989	37	10	-	1,986
Additions	6	1,556	3	12	98	-	1,675
Depreciation charge for the year	-	(19)	(103)	(16)	(15)	-	(153)
Foreign currency increase / (decrease)	3	3	8	-	1	-	15
At 31 March 2015 net of accumulated depreciation	415	2,084	897	33	94	-	3,523
<b>At Half Year ended 31 March 2015</b>							
Cost or fair value	415	2,332	2,302	255	176	116	5,596
Accumulated depreciation	-	(248)	(1,405)	(222)	(82)	(116)	(2,073)
Net carrying amount	415	2,084	897	33	94	-	3,523

**NOTE 8: EXPLORATION, EVALUATION AND MINE DEVELOPMENT**

**Reconciliation of carrying amounts at the beginning and end of the period**

<b>Half Year ended 31 March 2015</b>	<b>Exploration and Evaluation \$'000</b>	<b>Mine Development \$'000</b>	<b>Total \$'000</b>
At 1 October 2014, net of accumulated amortisation			
	5,188	242	5,430
Additions	-	998	998
Transfer from exploration and evaluation*	(5,188)	5,188	-
Amortisation charge for the year	-	(10)	(10)
Foreign currency increase/(decrease)	-	51	51
At 31 March 2015 net of accumulated amortisation	-	6,469	6,469
<b>Half Year ended 31 March 2015</b>			
Cost or fair value	-	6,729	6,729
Accumulated amortisation	-	(260)	(260)
Net carrying amount	-	6,469	6,469

\* (i) During the period exploration and evaluation costs of \$5.188 million relating to the Moberly Frac Sand project were transferred to mine development upon commencement of footings construction.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2015

### NOTE 9: INTEREST BEARING LOANS AND BORROWINGS

	31 March 2015 \$'000	30 September 2014 \$'000
<b>Current</b>		
<b><i>Secured Liabilities</i></b>		
Obligations under finance leases and hire purchase contracts	18	-
<b><i>Unsecured Liabilities</i></b>		
Convertible notes - unsecured	-	2,776
	18	2,776
<b>Non-current</b>		
<b><i>Secured Liabilities</i></b>		
Obligations under finance leases and hire purchase contracts	73	-
	73	-

On 31 March 2011, the Company issued 1,889,000 unsecured convertible notes with an issue price of \$2.00. In line with the original terms of the agreement all 1,889,000 convertible notes were converted into 3 ordinary shares in the Company (total of 5,667,000 shares) and \$1.45 cash (total of \$2.739 million). The convertible notes attracted interest at a rate of 10.25% per annum.

### NOTE 10: DIVIDENDS PAID AND PROPOSED

No final franked dividend for 2014 was paid during the year.

No dividend has been declared in respect of the 2015 year.

### NOTE 11: FOUNDERS' PLAN

In conjunction with the Founders' Plan settlement announced 28 July 2010, a loan facility was made available to the Founders to assist with discharging any Australian taxation liability as a result of the settlement. The draw down of the facility by the Managing Director as at 31 March 2015 was \$0.328 million (September 2014: \$0.0.294 million).

The loan facility is interest-bearing at market rates (currently 10.97%) and repayable by cash or a predetermined number of pledged Company shares at a value of 50 cents per share plus termination payments. Any shortfall in repayments after the value of the loan facility has been reduced by cash, the pledged Company shares and termination payments will be forgiven and treated as an expense. In the unlikely event of a termination for cause, the Company has recognised in the accounts a potential shortfall (contingent settlement) in relation to the Managing Director of \$0.154 million as at 31 March 2015 (September 2014: \$0.138 million).

### NOTE 12: EVENTS AFTER THE BALANCE SHEET DATE

There are no matters or circumstances which have arisen since 31 March 2015 that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

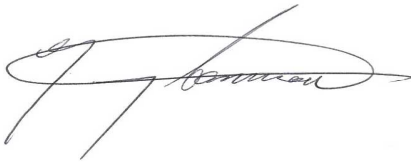
## Directors' Declaration

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

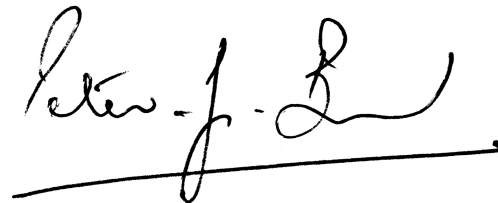
1 In the opinion of the directors:

- (a) the half year financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position as at 31 March 2015 and the performance for the half-year ended on that date of the consolidated entity
  - (ii) complying with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001
- (b) the half year financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a)
- (c) 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, 27 May 2015



Peter Bird  
*Managing Director*  
Melbourne, 27 May 2015

## 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 balance sheet as at 31 March 2015, 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 directors' 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 2015 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.

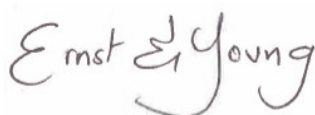
### Independence

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:

- giving a true and fair view of the consolidated entity's financial position as at 31 March 2015 and of 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*.



Ernst & Young



Michael Collins, Partner  
Melbourne, 27 May 2015