Heemskirk Consolidated Limited
(ABN: 18 106 720 138)

Appendix 4E Preliminary Final Report
For the Financial Year Ended 30 September 2015

(previous corresponding period 30 September 2014)

Results for announcement to the market

Revenue and Net Profit/Loss			2015 $'000	2014 $'000
Revenue from continuing operations	Down	68%	224	705
Revenue from discontinued operations	Down	100%	-	16,467
Loss from continuing operations after tax attributable to members	Down	2%	5,244	5,370
Profit from discontinued operations after tax attributable to members	Down	100%	-	2,991
Loss after tax attributable to members	Up	120%	5,244	2,379

Net Tangible Assets Per Share		
Net tangible asset backing per share (cents per share)	10.22	13.70

Dividends

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

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

Financial Statements

Refer to the attached audited Annual Financial Report for the period 1 October 2014 to 30 September 2015 for the following information:

Consolidated Statement of Comprehensive Income
Consolidated Balance Sheet
Consolidated Statement of Changes in Equity
Consolidated Statement of Cash Flows
Notes to the Financial Statements

Review Of Results

A review of the results for the period is contained within the reports accompanying this announcement.

Compliance Statement

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

Signed:

Peter Bird
Managing Director

Date: 25 November 2015

Heemskirk Consolidated Limited

ABN: 18 106 720 138

Directors' Report for the year ended 30 September 2015

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 year ended 30 September 2015.

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

John Taylor, Non-Executive Director

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

Principal Activities

The Company's principal activities during the year was the development the Moberly Frac Sand Project and resource equity investments.

Consolidated Results

The Company recorded a net loss after income tax of $5.244 million in 2015 compared with a net loss of $2.379 million in 2014.

Refer to the Operating and Financial Review for further details. The Operating and Financial Review is set out on pages 8 and 15 and forms part of this Directors' Report.

Dividends

During the year, no dividends were paid in respect of the 2014 year and no dividend has been declared in respect of the 2015 year.

Significant Changes in State of Affairs

The review of operations presented on pages 8 to 15 sets out a number of matters which have had a significant effect on the state of affairs of the Company during the financial year.

Significant Events after the Balance Date

There are no matters or circumstances which have arisen since 30 September 2015 that have significantly affected or may affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Likely Developments and expected results

In general terms, the review of operations of the Company gives an indication of likely developments and the expected results of the operations. In the opinion of the directors, disclosure of any further information would likely result in unreasonable prejudice to the Company.

Environmental Compliance

The Company holds licences issued by the relevant environmental protection authorities of the various countries in which the Company operates. These licences specify limits and regulate the management of mining and processing operations.

The Company has permits to enable the Moberly Frac Sand Project to proceed and these are being amended progressively as required to maintain compliance. No material issues have arisen to date.

There have been no significant known breaches of the Company's licence conditions.

Options granted and shares issued on the exercise of options

The following ordinary shares of Heemskirk Consolidated Limited were issued during the year ended 30 September 2015 on the exercise of options issued in accordance with the terms of the Debt Facility Agreement entered into with Taurus Funds Management on 15 July 2015.

Date options granted	Issue price of shares	Number of shares issued
15 July 2015	$0.0878	8,750,596

At 30 September 2015, there are 3,859,122 million options that have vested and are exercisable. A further 12,609,718 options will vest pro rata for amounts drawn under the facility. No amounts have been drawn under the facility at 30 September 2015.

Indemnification and insurance of Directors and Officers

The Company has entered into agreements to indemnify all of the Directors named in this report and the Company Secretary against all liabilities to persons (other than the Company), which arise out of the performance of their normal duties as Directors or Executive Officers unless the liability relates to conduct involving a lack of good faith. The Company has agreed to indemnify the Directors and the Company Secretary against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

Since the close of the financial year, the Company has paid a premium for an insurance policy for the benefit of the Directors and the Officers of the Company. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecific amount). No payment has been made under this indemnity to Ernst & Young during or since the end of the financial year.

Non-Audit Services

Details of the amounts paid or payable to the external auditors of the Company, Ernst & Young, for audit and non-audit services provided during the year are disclosed in Note 20 to the Financial Report.

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.

Corporate Governance Statement

The Board is committed to following the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (ASX Recommendations). The Board and Management regularly review the Company's policies and practices to ensure that the Company continues to maintain and improve its governance standards by following the eight ASX Corporate Governance Principles.

The Corporate Governance Statement, Appendix 4G and details of the Company's key corporate governance policies that were in place during the year are available on the Company's website www.heemskirk.com in the Corporate Governance section.

Significant Changes in the State of Affairs

No significant changes in the state of affairs other than those contained in this report.

Remuneration Report

The Remuneration Report is set out on pages 16 to 28 and forms part of this Directors' Report.

Information on Directors

The Directors' qualifications, experience and special responsibilities are disclosed below.

Garry Cameron PSM

BBus(A/c,) BEc(Hons), MEc, FAICD, FCPA

Non-Executive Chairman

Garry was Managing Director of a listed property group for 10 years and prior executive roles include Executive Director Finance for Telstra. He is currently a Non Executive Director with ANZ Specialised Asset Management. The ANZ roles over the past nine years have been in funds management of energy and infrastructure projects particularly focused on large coal, gas and biofuels projects from exploration to delivery.

Garry was formerly a Non Executive Director of Molopo Energy Limited.

Garry was recognised on the Australia Day Honours list for his contributions to the Finance and Telecommunications industries.

Garry joined the Board on 24 February 2011 and was appointed Chairman on 20 March 2014.

Peter Bird

BSc(Hons), MAICD, AFin, MAusIMM

Managing Director

Peter has worked in the resource industry for over 20 years. He brings operational and corporate experience combined with a strong understanding of company analysis and global investment markets.

Peter is a geologist and has held technical, management, investment and human resources positions with major companies such as Western Mining Corporation Limited, Merrill Lynch Equities and Newmont Mining Corporation and executive positions with Normandy Mining Limited and Newcrest Mining Limited. Peter is Non-Executive Chairman of Excelsior Gold Limited.

Peter is a Founding Director of the Company and was appointed Managing Director on 1 December 2011.

John Taylor

BE(Chem), MBA, FIChemE.

Non-Executive Director

John Taylor was Managing Director of Outotec Australasia Pty Ltd (previously Outokumpu Technology and prior to that, Lurgi Australia) for 18 years. He has held senior positions in management, process engineering and plant construction, primarily in the mining, minerals processing and environmental sectors.

John is a Non Executive Director of KGL Resources Limited and was previously a Non Executive Director of listed companies Ticor Ltd, Environmental Group Ltd and Ausmelt Limited.

He is a part time consultant to Outotec South East Asia Pacific.

John joined the Board on 9 May 2011.

William A (Lex) Hansen – retired 26 February 2015

BSc, MBA, FAusIMM, FAICD

Non-Executive Director

Lex has more than 45 years' experience within the mining industry. He was an Executive Director of Corporate Finance (Mining) at HSBC Bank Australia Limited with regional responsibility for resources debt and equity investment appraisals and underwriting transactions.

Lex was a Director and Partner of share-broking firm Roach & Co. Prior to that, he held technical and finance positions with CSR Limited, Tenneco Corp and Utah Development Company. Lex has been a Non-Executive Director of Endocoal Limited and was previously a Non-Executive Director of Platinum Australia Limited.

Lex joined the Board on 1 March 2004 and retired on 26 February 2015.

Andrew Metcalfe

B.Bus, CPA, FGIA, MAICD

Company Secretary

Andrew has over 25 years of corporate experience across a range of industry sectors holding the position of Company Secretary, Governance Advisor and Chief Financial Officer for a number of ASX listed entities, unlisted public entities and not-for-profit organisations operating in Australia, Canada, UK and China; operating in resource/energy, property, retail, telecommunications/technology and media industries.

Andrew is employed by Accosec & Associates, a professional Chartered Secretary and Governance Advisory Firm and assists HSK in company secretarial practice and governance policies and procedures.

Andrew was appointed Company Secretary on 27 August 2014.

Directors' Meetings

Attendance at Board meetings throughout the year is tabled below.

A *Number of meetings held during the time the Director held office during the period*

B *Number of meetings attended*

Director	Board Meetings	
	A	B
Garry Cameron	16	16
Peter Bird	16	16
William A (Lex) Hansen (1)	8	8
John Taylor	16	14

(1) Mr Hansen retired on 26 February 2015

Signed in accordance with a resolution of the Directors

Garry Cameron
Non-Executive Chairman
Melbourne
25 November 2015

Peter Bird
Managing Director
Melbourne
25 November 2015

Building a better
working world

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

In relation to our audit of the financial report of Heemskirk Consolidated Limited for the financial year ended 30 September 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

Ernst & Young

Michael Collins
Partner
25 November 2015

The sale of the Company's Lethbridge asset in 2014 has enabled the Company to advance the development of its high value Frac Sand Project "the Project" in British Columbia, Canada. During the financial year, the Company has maintained its focus on the development of the Project. Significant progress has been made on the Project including achievement of a number of key milestones; detailed design engineering and feasibility was completed. This resulted in increased projected plant recoveries. Construction for the footings at the plant was completed and funding for the full build of the Project was secured, subject to completion of conditions precedent.

2015 Key Performance Milestones

- Stage 1 footings completed for $2.487 million at plant site
- Detailed engineering and feasibility for Stage 1 of the Project completed to enable progression to full build for $1.811 million
- Convertible notes redeemed for $2.739 million
- Raised $1.325 million by way of a private placement to sophisticated investors
- Raised $3.860 million via a fully underwritten 1 for 5 Rights Issue
- Subject to completion of conditions precedent, the Project will be fully funded under a USD40.0 million debt facility "debt facility". Under the terms of the debt facility, the Company:
    - Issued 10.773 million shares as settlement of the Loan Arrangement Fee; and
    - Issued 25.219 million options on date of signing the facility of which 50% vested immediately and 50% will vest pro rata for amounts drawn under the facility.

US$40 million Secured Debt Facility Agreement

On 15 July 2015, the Company entered into a USD40.0 million Secured Debt Facility Agreement to fund the construction of the Project. The financing facility is provided by Taurus Funds Management and will be available to draw down in two tranches. USD25.0 million will be available in tranche 1 to complete the 300,000 tpa construction and production development project (phase one) and USD15.0 million will be available in tranche 2 to complete an expansion of the project (phase two) to a 600,000 tpa production level, once phase one has been successfully completed.

The financing facility bears interest at 10% per annum, an arrangement fee of 2% of the facility amount, a commitment fee of 2% per annum on undrawn amounts at each phase, an issue of 25.219 million options and 2% Free on Train Gross Revenue Royalty, ex Plant Price. The facility maturity date is 31 December 2018, with a 12 month extension option.

The 2% arrangement fee was paid on signing of the facility via an issue of 10.773 million HSK fully paid ordinary shares. Of the 25.219 million options issued, 12.609 million options vested on the date of signing of which 8.750 million options was exercised on 24 July 2015. The remaining 12.609 million options will vest pro rata for amounts drawn. No amounts have been drawn under the facility at 30 September 2015. The strike price of the options is $0.0878, a 25% premium to the 10 day VWAP prior to the date of signing the agreement.

The Company is currently working through completing conditions precedent to first drawdown of the facility and finalisation of construction contract to commence full build.

Income Statement

The Company recorded a net loss after income tax of $5.244 million in 2015 compared with $2.379 million for 2014. The decrease is primarily due to the gain of $2.991 million from discontinued operations recognised in 2014.

The Company continues to monitor corporate expenditure. Savings from corporate restructuring strategies implemented previously (employment and other expenses) of $0.421 million was offset by legal and other consultancy fees incurred on the Project of $0.455 million.

Gross Profit – Gross Profit was up 138.7% compared to previous corresponding period principally due to Canada overheads being recognised in their respective expense categories in 2015 as there was no production during the year. Sale of goods was from inventory stockpile as production ceased during the construction of footings at the Moberly plant site. Interest received was 55.8% lower than previous corresponding period due to the lower average cash balance during the year.

	2015 $'000	2014 $'000	Change $'000	Change %
Sale of goods	117	337	(220)	(65.3%)
Dividends received	-	126	(126)	(100.0%)
Interest received	107	242	(135)	(55.8%)
Total Revenue	**224**	**705**	**(481)**	**(68.2%)**
Total Cost of Sales(1)	**(52)**	**(1,146)**	**1,094**	**95.5%**
Gross Profit	**172**	**(441)**	**613**	**139.0%**

(1) Canada overheads are recognised in their respective expense categories in 2015 as there was no production during the year.

Net equity losses – Net equity losses of $0.567 million were lower compared to the previous corresponding period loss of $2.150 million. The loss in the prior corresponding period included a $0.664 million loss from the expiry of the Almonty warrants and $1.266 million unrealised loss from Almonty shares. At 30 September 2015, the Almonty share price was AUD0.61 (2014: AUD0.69) per share. This decline in share price was the main driver of the net equity loss recognised in the current year.

Other income – Other income includes foreign exchange gains on AUD spot rate versus the CAD spot rate of $0.006 million in 2015 versus $0.379 million in the previous corresponding period. This is due to a lower average CAD cash balance during the year.

Employee benefits expense – Employment expenses of $2.195 million in 2015 includes Canada employment expenses. These costs were recognised in cost of sales in the prior year. Corporate expenses were down 19.6% compared to prior corresponding period as a result of a reduction in director and staff numbers.

	2015 $’000	2014 $’000	Change $’000	Change %
Corporate	1,031	1,282	(251)	(19.6%)
Canada	1,164	-	1,164	100.0%
Total employment costs	**2,195**	**1,282**	**913**	**71.2%**

Other costs – Other costs includes corporate and consultancy expenses – totalled $2.173 million in 2015. This includes Canada other costs which were recognised in cost of sales in the prior year. The increase in corporate costs primarily relates to legal and due diligence costs incurred on the Project.

	2015 $'000	2014 $'000	Change $'000	Change %
Corporate	1,450	1,073	377	35.1%
Canada	723	-	723	100.0%
Total other costs	**2,173**	**1,073**	**1,100**	**102.5%**

Finance costs – Finance costs were down 37.2% to $0.285 million compared to previous corresponding period of $0.455 million. This was mainly driven by lower interest expense recognised on the convertible notes. These notes were redeemed at 30 March 2015 and accordingly interest expense for half of the year was recognised in the current year.

Financial Position

The net assets of the Company have increased by $2.503 million to $23.665 million at year end. The increase is primarily due to share capital issued during the year, net of transaction costs of $6.652 million offset by the current year's loss after tax and redemption of convertible notes of $2.739 million.

Cash and cash equivalents – Cash and cash equivalents decreased by $6.127 million to $5.974 million. This reflects the operating cash flow of the Company, repayment of the convertible notes, capital investment in the Project; offset by capital raisings during the year.

Property, plant and equipment – Property, plant and equipment increased by $2.394 million to $4.380 million. This primarily relates to the cost of the footings for the Project completed during the year.

Exploration, evaluation and mine development – Mine development increased by $2.031 million to $7.461 million. This represents the investment in completing the detailed design engineering of the Project.

Other non current assets – Other non current assets of $1.974 million represents the initial prepaid borrowing costs of establishing the Secured Debt Facility for the Project. This includes the loan establishment fee of $1.077 million, share based payment expense recognised on the issue of the 12.609 million options of $0.483 million and legal and advisory fees of $0.414 million.

Interest bearing loans and borrowings – Interest bearing loans and borrowings decreased by $2.757 million reflecting the redemption of the convertible notes at 30 March 2015. The balance of $0.084 million represents finance leases for equipment. Refer to Note 15 in the Financial Report for more details.

Review of Operations

Discontinued Operations – Sale of Lethbridge

On 20 March 2014, Heemskirk shareholders approved the sale of the Lethbridge mineral products plant in Alberta, Canada and optioned barite mineral claims in the United States to a wholly owned subsidiary of Marquis Alliance Energy Group Inc.

The sale consideration was announced on 21 January 2014 as CAD8.440 million plus inventory of CAD3.560 million, a total of CAD12.000 million. The final consideration received was CAD8.440 million plus CAD2.052 million for inventory at 31 March 2014, a total of CAD10.492 million. The inventory for sale had reduced by CAD1.508 million due to sales to customers.

The sale agreement also made provision for an adjustment to be made to the purchase price in respect of any earnings (which belongs to Marquis Alliance) that was generated by the business between 1 February 2014 and the closing date of the sale. The sale transaction completed on 1 April 2014. The earnings adjustment paid to Marquis Alliance was CAD0.519 million.

Sale transaction costs of CAD0.715 million were paid in 2H 2014. The profit on sale before tax is CAD3.140 million, income tax payable on the sale of approximately CAD0.501 million was paid during the year. The sale finalised with a net profit of CAD2.607 million.

Corporate

Corporate costs for the year were $2.459 million including $0.455 million of legal and due diligence costs incurred on the Project.

	2013	2014	2015
Segment assets (A$m)	8.497	11.564	5.938
Segment revenue[(1)] (A$m)	0.413	0.531	0.151
Segment costs (A$m)	2.879	2.329	2.459
Segment EBITDA[(2)] (A$m)	(2.466)	(1.796)	(2.308)
Segment revenue as a percentage of Segment assets	5%	5%	3%

(1) Segment revenue is per Note 21 of the audited Financial Statements

(2) Segment EBITDA is per Note 21 of the audited Financial Statements

Finance costs for the year were $0.156 million (2014: $0.322 million).

Portfolio

From time to time the Company undertakes investments in both listed and unlisted companies in the resource industry. This allows us to gain good geological and geographical reach and foster key strategic relationships in this industry.

At the end of the year, the Company holds 5.453 million shares in Almonty Industries Inc (Almonty) (TSXV:AII), 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 30 September 2015 was $3.365 million (2014: $3.983 million).

Future Portfolio performance is dependent on individual company performance and overall market conditions.

Canada

Heemskirk Canada (HCA) is a wholly owned subsidiary of the Company which has been a producer of industrial mineral products for over 30 years. HCA has an administrative office in Calgary and is now focused on developing the Moberly Frac Sand Project "the Project" to be able to produce high quality frac sands, glass sands and other high purity silica sands.

Revenue for the year was $0.120 million compared to $16.707 million in the previous year, reflecting the Lethridge asset sale on 1 April 2014.

	2013	2014	2015
Industrial Minerals sold (tonnes)	77,773	51,951	1,668
Segment revenue[(1)](A$m)	23.582	16.707	0.120
Segment revenue per tonne sold (A$/t)	303	322	72
Segment EBITDA[(2)] (A$m)	1.733	0.196	(1.818)
Segment EBITDA as a percentage of Segment revenue	7%	1%	-1510%

(1) Segment revenue is per Note 21 of the audited Financial Statements

(2) Segment EBITDA is per Note 21 of the audited Financial Statements

The Project is a silica sand operation suited to frac sand for oil and gas, glass manufacturing, and other industrial applications such as specialised cement. It is strategically located within the Western Canadian Sedimentary Basin (WCSB) at Golden, British Columbia (see figure 1).

Moberly has its own rail siding adjacent to Canadian Pacific Railways' main East West rail line, the Trans-Canada Highway, and on the western edge of the WCSB in British Columbia (figure 2) providing customers with logistical flexibility for delivery.

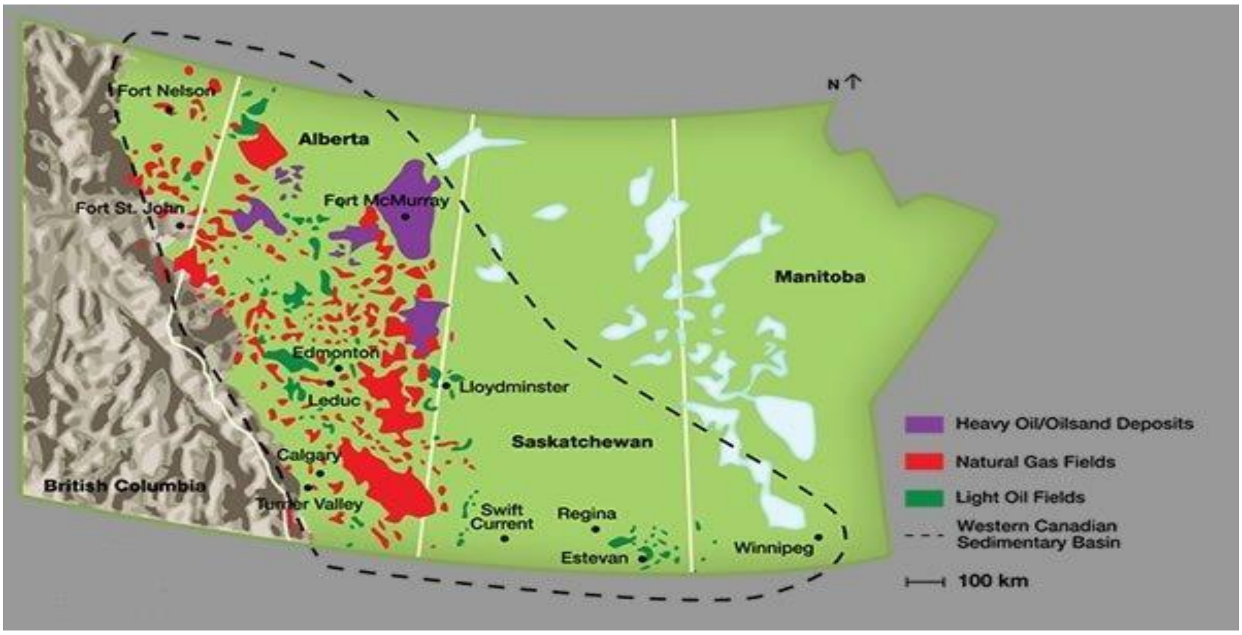

Figure 1: Moberly location in the WCSB - North American Areas of Use

Figure 2: Layout of proposed plant at existing Moberly Plant Site

This project will primarily service the oil and gas drilling industry's frac sand requirements in British Columbia. On 14 October 2014 Heemskirk announced that the Board had approved the first stage of construction of the Project. The Company was able to break ground at Moberly in order to pour concrete footings before winter set in. The footings were completed in May 2015 by local construction and engineering group Maple Reinders and provides the Company the option of moving to the next stage of construction over the colder months.

Initial plans are for a 300,000 tonne a year facility servicing the Canadian drilling market of approximately 3.0 – 3.5 million tonnes a year. The Moberly plant is located approximately 16km from the mine which has a 32.4 million tonne measured and indicated resource.

Independent tests have verified that the project, as designed can produce American Petroleum Institute (API) specification 20/40, 30/50, 40/70 and 100 mesh Frac sands capable of meeting the requirements of exploration and development companies operating in Canada. Located approximately 700km from Grand Prairie, Alberta, an oil and gas hub, Moberly is well situated to provide a logistical advantage to its customers in the WCSB. Trucks can travel between Moberly and almost any wellsite in the WCSB in one day if the rail lines are busy or disrupted.

The Company invested CAD1.741 million (2014: CAD 0.541 million) in developing the Project, bringing the total cumulative exploration, evaluation and development expenditure on the project since inception to CAD 6.796 million (2014: CAD 5.055 million). Footings were completed in 2015 for a cost of CAD2.333 million.

Throughout the year the Company has explored a variety of funding alternatives for developing the Project to maximise shareholder value. On 15 July 2015, Heemskirk announced that it had entered into a US$40 million secured debt facility with Taurus Funds Management. At the time of writing, the Company is completing conditions precedent.

Safety

The health and safety of the Heemskirk workforce is of fundamental importance. The Company's safety policies and reporting procedures are reviewed continually in order to identify areas which can be improved and changes are implemented accordingly.

During the year one medically treated injury (MTI) and no lost time injuries (LTI) were recorded. At the end of the year the Company's MTI frequency rate was 27 and the LTI frequency rates was zero.

Heemskirk will continue to promote an intrinsic safety culture throughout all levels of the Company and endeavour to achieve and maintain zero MTI and LTI frequency rates.

Business Strategy and Outlook

Our shorter-term strategy is to complete efficiently the construction and commissioning of the Project. More broadly, our strategy is to be the quality producer of frac sand in the Canadian oil and gas environment.

Outlook for 2016

As outlined in the chart below, the consumption of frac sand continues to rise despite a more subdued oil price environment. The relatively low cost of sand coupled with a greater amount of fracs per well is contributing to this outcome. In the Canadian context, the approximately 30% decline in the Canadian dollar versus the United States dollar has had a positive influence on domestic oil and gas revenue within lower cost basins and wells and has maintained a healthy outlook on domestically produced sand pricing.

Figure 3: Sand use in fracking

We are looking to 2016 with ongoing commitment to complete the Moberly Project. Upon its commissioning we will examine new opportunities to grow shareholder value by targeting undervalued resource companies with existing cash flow assets.

Our positioning, at this stage, will not be for explorers but those with proven capability where Heemskirk can add value with minimal risk.

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations for the year ending 30 September 2015.

For the purpose of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the Parent Company.

Non-Executive Directors (NEDs)	
Garry Cameron	Chairman (Non-Executive)
John Taylor	Director (Non-Executive)
William A(Lex) Hansen	Director (Non-Executive) – retired 26 February 2015
Executive Director	
Peter Bird	Managing Director
Other KMP	
Mark Connors	President of Heemskirk Canada

Remuneration Governance

The Company does not have a separate Remuneration Committee. The Board previously had a Remuneration & Nomination Committee which was disbanded in 2014 and the functions of this Committee were then absorbed by the Board.

The Board considers that given the current size and scope of the Company's operations, no efficiencies or other benefits would be gained by continuing to have a separate Remuneration Committee. The Board intends to reconsider the requirement for, and benefits of, a separate Remuneration and Nomination Committee as the Company evolves.

Prior to functions of the Remuneration and Nomination Committee being absorbed by the Board, the Committee operated under a formal charter to prescribe its purpose, key responsibilities, composition, membership requirements, powers and other administrative matters. The key remuneration function responsibilities under this charter included making recommendations to the Board on policy governing the remuneration benefits of Executive Directors, including equity-based remuneration, and to assist the Non-Executive Chairman to determine the remuneration benefits of Senior Management and advise on those determinations.

The Board is guided by this charter in its deliberations on matters which were previously under the delegation of the Remuneration and Nomination Committee. This Charter is posted on the Company's website at www.heemskirk.com under the Corporate Governance section.

Use of remuneration consultants

From time to time the Board seeks external remuneration advice in order to ensure it is fully informed when making remuneration decisions.

Remuneration consultants are engaged by, and report directly to, the Board. In selecting remuneration consultants, the Board considers potential conflicts of interest and requires independence from the Group's key management personnel and other executives as part of their terms of engagement.

No external remuneration advice was obtained during the 2015 year.

Non-Executive Directors Remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Fees paid to NEDs reflect the demands made, and responsibilities of, NEDs in discharging their duties. The fees are fixed and no part of remuneration is tied to the Company's performance. Each NED receives a fee for being a director of the Company.

The remuneration of NEDs for the year ended 30 September 2015 is detailed on page 18 of this Report. The current maximum aggregate sum is $500,000 per annum. This provides the Board with scope to appoint new NEDs in the future. It is not intended to distribute this full amount by way of fees in the current year.

In accordance with the Constitution, Directors are permitted to be paid additional fees for special services on execution. No such fees were paid during the year. Directors are also entitled to be reimbursed for all business related expenses, including travel on Company business as may be incurred in the discharge of their duties. Such reimbursements are not included in the remuneration cap.

Fees paid to NEDs are fixed and no remuneration is tied to the Company's performance.

Non-Executive Directors' remuneration for the year ended 30 September

		Short Term Benefits	Post Employment	
		Salary, Fees & Commissions $	Superannuation $	Total $
Garry Cameron	**2015**	**89,794**	**8,530**	**98,324**
	2014	76,735	7,154	83,889
John Taylor	**2015**	**58,366**	**5,544**	**63,910**
	2014	58,366	5,435	63,801
William A (Lex) Hansen(2)	**2015**	**24,319**	**2,311**	**26,630**
	2014	44,088	19,713	63,801
Graham Lenzner(1)	**2015**	**-**	**-**	**-**
	2014	42,242	3,907	46,149
Total	**2015**	**172,479**	**16,385**	**188,864**
	2014	211,431	36,209	247,640

(1) Mr Lenzner retired on 20 March 2014.

(2) Mr Hansen retired on 26 February 2015.

The table below summarises the NED Board remuneration including superannuation for the year ended 30 September 2015.

Chairman	$98,324
Directors	$90,540

The total remuneration for NEDs in 2015 was $188,864.

Executive and Executive Director Remuneration

Details relating to Employment Contracts

Remuneration arrangements for executives are formalised in employment agreements. Details of these contracts are provided below.

Managing Director

The Managing Director is employed under an ongoing contract which can be terminated with notice by either the Managing Director or the Company.

Under the terms of the present contract as disclosed to the ASX on 1 December 2011 the Managing Director:

- receives fixed remuneration of $450,000 per annum (inclusive of superannuation);
- the target STI opportunity is up to 33% of his fixed remuneration; and
- is eligible to participate in the Company's LTI plan on terms determined by the Board up to 44% of his fixed remuneration, subject to receiving any required or appropriate shareholder approval.

The Managing Director's termination provisions are as follows:

	Notice Period	Payment in lieu of notice	Treatment of STI on termination	Treatment of LTI on termination
Resignation	6 months	6 months	Unvested awards forfeited	Unvested awards forfeited
Termination for cause	None	None	Unvested awards forfeited	Unvested awards forfeited
Termination without cause	12 months	12 months	Unvested awards forfeited	Unvested awards forfeited

The employment contract contains a six month post-employment restriction which may be exercised at the election of the Company.

Approach to setting remuneration

In 2015, the executive remuneration framework consisted of fixed remuneration and short and long-term incentives as outlined below.

The Company aims to reward its Executives and Executive Directors with a level of remuneration commensurate with their position and responsibilities within the Company so as to:

- Reward Executives and Executive Directors for Company, business unit and individual performance against targets set by reference to appropriate benchmarks.
- Reward Executives and Executive Directors having regard to the strategic goals and performance of the Company.
- Ensure total remuneration is appropriate to the position and is competitive by market standards.

Remuneration packages for staff, who report directly to the Managing Director, are based on the recommendation of the Managing Director subject to the approval of the Board in the annual budget setting process.

(i) Fixed Remuneration – Remuneration that is "not at risk"

Fixed Remuneration refers to agreed Base Salary plus associated benefits. This also includes statutory benefits such as superannuation, annual and sick leave. Fixed Remuneration is benchmarked annually against industry and job role comparator groups. Personal performance will influence the changes in Fixed Remuneration.

In determining the Fixed Remuneration payable for each subsequent financial year, the Board will have regard to the performance of both the Company and the performance of the relevant individuals.

The remuneration of the Company's Executive Directors and Executives for the financial period is set out on page 24 of this Report.

(ii) Variable Remuneration – Remuneration that is "at risk"

Remuneration that is "at risk" and structured as an incentive. The payment of Variable Remuneration is split equally between cash and shares and is subject to performance measures that are linked to personal objectives and business objectives. The maximum percentage of fixed remuneration that can be earned in variable remuneration is 100% of fixed remuneration.

The Company will determine the business objectives for the ensuing 12 months within the context of a broader 3-5 year plan. Each employee's Key Performance Indicators (KPIs) will be established during the annual Performance Review within the context of these Company business objectives and comparable industry job role parameters.

Personal Performance

An employee's Personal Performance is determined at the annual Performance Review and includes the extent to which KPIs and Key Behavioural Indicators (KBIs) were achieved during the year. The KBIs are generally the same for all employees.

Company Performance

Company performance will be determined against one or more of: TSR, EPS, achieving budget targets and share price. The selection of the measure to be adopted for any business year shall be made by the board not later than the December board meeting of that year.

Managing Director and Board adjustment

Once the Personal Performance and Company Performance figures have been determined, the Managing Director has the discretion to adjust each Other KMP's variable remuneration. The Managing Director will propose aggregate cash and equity variable remuneration amounts, in respect of the completed year, to the Board.

The Board has the discretion to adjust the total variable remuneration figure proposed by the Managing Director for Other KMPs.

This process usually occurs within three months after the reporting date. Payments made are delivered as a cash bonus in the following reporting period. The Board also has the ability to award discretionary cash bonuses to executives.

The following table outlines the business unit performance in relation to the 2014 year.

Business unit	Performance measure	Performance versus budget 2014
Corporate & Portfolio	TSR, EPS, achieving budget targets, share price	Under performed
Canada	TSR, EPS, achieving budget targets, share price	Under performed

The following table outlines the proportion of maximum STI that was earned and forfeited in relation to the 2014 year.

Executive Director	Proportion of maximum bonuses earned in 2014	Proportion of maximum cash bonuses forfeited in 2014
P. Bird	29%	71%
Other KMP		
M. Connors (Canada)	30%	70%

The cash bonuses related to 2015 has yet to be decided and approved by the Board of Directors.

The following table outlines the proportion of maximum LTI that was earned and forfeited in relation to the 2014 year.

Executive Director	Proportion of maximum LTI earned in relation to 2014	Proportion of maximum LTI forfeited in relation to 2014
P. Bird	0%	100%
Other KMP		
M. Connors (Canada)	28%	72%

The LTI related to 2015 has yet to be decided and approved by the Board of Directors.

Equity Component of Variable Remuneration

The objective of long term incentives is to encourage staff and executive performance to deliver sustained shareholder value. The Company Long Term Incentive (LTI) scheme is designed to reward participants for implementation of the strategic plan and to align the long term interests of the shareholders, senior executive management and the Company by linking a portion of participating employees' remuneration at risk to the Company's future performance. The Heemskirk Consolidated Employee Share Purchase Plan (the Plan) is designed to achieve this outcome.

Heemskirk Employee Share Plan

The Plan involves the issue of shares in the Company. While Plan shares are "restricted shares", they may not be sold or transferred, mortgaged, hedged (or otherwise encumbered) or otherwise dealt with by a participant. The Plan is part of an executive's "at risk" salary component and issues may be made annually. Under the terms of the Plan an initial share allocation may be made after completion of a qualifying period of 12 months. The Company has adopted a four year vesting period for Shares issued under the Plan, Year 1 – 25%, Year 2 - 25%, Year 3 - 25%, and Year 4 - 25%.

Under the Plan an interest free loan is made to the Executive to fund the acquisition of shares in the Company. A portion of dividends are required to be applied to the loan reduction and the loan balance must be paid out from share sale proceeds. If the share sale proceeds are less than the value of the loan, the Executive pays the balance of the loan. If the loan balance is not retired, the employee is unable to receive any benefit from the shares. If an Executive leaves prior to vesting of shares then the shares are forfeited and the loan is cancelled.

Canadian Executives receive the right to acquire shares under the Plan rather than having the shares issued to them. The right to acquire is permitted after each vesting date.

Termination provisions

For Other KMP, remuneration and other terms of employment are formalised in an employment contract that can be terminated with notice. This agreement provides for an annual review of annual base pay, provision of performance related cash bonuses, other benefits and participation in the Long Term Incentive Plan. The contract provides for notice of six months for resignation by the executive or termination by the Company.

	Notice Period	Payment in lieu of notice	Treatment of STI on termination	Treatment of LTI on termination
Resignation	6 months	6 months	Unvested awards forfeited	Unvested awards forfeited
Termination for cause	None	None	Unvested awards forfeited	Unvested awards forfeited
Termination without cause	6 months	6 months	Unvested awards forfeited	Unvested awards forfeited

Relationships of Incentives to Company's Performance

At risk variable remuneration for Other KMP is based on Company performance on TSR, EPS, achieving budget targets, share price and individual KPIs. At risk variable remuneration for the Managing Director is based on the execution of the Company's strategic plan.

Heemskirk's Financial Performance

Year Ended 30 September	2011	2012	2013	2014	2015
Net Profit After Tax (NPAT) ($m)	(3.4)	(2.2)	(3.9)	(2.4)	(5.2)
Basic Earnings Per Share (EPS)(1) (cents)	(6.67)	(2.20)	(2.54)	(3.48)	(3.11)
Dividend declared (cents)	0	0	0	0	0
Share Price at 30 Sep (cents)	11.0	12.5	6.5	14.0	8.8
Share Price increase/(decrease)(2) (cents)	(15.0)	1.5	(6.0)	7.5	(5.2)

(1) Basic EPS is calculated as net profit after tax from continuing operations divided by weighted average number of ordinary shares

(2) Share Price movement during the financial year

Executives' remuneration for the year ended 30 September

		Fixed Remuneration			Variable Remuneration (7)				
		Short Term Benefits		Post-Employment	STI	LTI			
		Salary, Fees & Commissions $	Non-Monetary Benefits $	Superannuation $	Cash Bonus $	Share/ Rights Based Payments (1) $	Termination Benefits (2) $	Total Remuneration $	Performance Related %
P Bird	**2015**	**416,861**	**14,355**	**18,783**	**43,000**	**-**	**-**	**493,000**	**8.72%**
	2014	437,512	14,324	19,737	22,707	-	-	494,280	4.6%
M Connors(6)	**2015**	**307,765**	**7,403**	**16,838**	**43,384**	**6,907**	**-**	**382,297**	**13.15%**
	2014	126,505	6,614	4,706	-	-	-	137,825	0.00%
M Flook(3)	**2015**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2014	75,458	-	24,460	-	-	-	99,918	0.00%
S Gray (4)	**2015**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2014	205,928	-	30,240	-	-	109,535	343,703	0.00%
A Minty(5)	**2015**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2014	160,533	9,919	5,957	30,738	-	90,289	297,436	10.33%
Total	**2015**	**724,626**	**21,758**	**35,621**	**86,384**	**6,907**	**-**	**875,296**	
	2014	1,005,936	30,857	85,100	53,445	-	199,824	1,373,162	

(1) Fair value of Long Term Incentives granted to Executive.

(2) Termination benefits include payments in lieu of notice.

(3) Mr Flook retired 31 July 2013. Following completion of 6 months' notice the termination benefits were paid on 31 January 2014.

(4) Mr Gray was terminated on 27 August 2014. The termination benefits were paid on 15 September 2014.

(5) Mr Minty resigned 1 April 2014. The termination benefits were paid on 30 April 2014.

(6) Mr Connors met the definition of a KMP on his appointment as President Heemskirk Canada from 1 April 2014.

(7) Relating to the year ended 30 September 2014, paid in the 2015 year.

Additional Disclosures

Long term incentives movements during the year [1]

Executive	Grant Date	Fair Value per share/ right at award date (¢)	First Vesting Date	Final Vesting Date	Exercise price (¢)	No. Shares/ Rights Granted	No. Shares Vested/ Exercisable rights	No. Shares/ rights lapsed
P. Bird	1 Mar 13	2.25	1 Mar 14	1 Mar 17	12.00	-	75,000	-
M. Connors [2]	12 Apr 11 [3]	2.08	12 Apr 12	12 Apr 15	26.67	-	75,740	-
	1 Mar 13 [3]	2.25	1 Mar 14	1 Mar 17	12.00	-	87,976	-
	1 Mar 14 [3]	1.34	1 Mar 15	1 Mar 18	6.52	-	95,633	-
	1 Mar 15	2.11	1 Mar 16	1 Mar 19	12.69	327,288	-	-

(1) At the date of this report, there has been no repayment of LTI loans or dividends applied against loans.

(2) Grant to Mr Connors are rights which are exercisable after each vesting date.

(3) Granted prior to Mr Connors becoming a KMP.

Long term incentives held and granted

	Balance 1 Oct 14	No. Shares/ Rights Granted during the period	Balance 30 Sep 2015		
Executive	No. Held		No. Held	No. Rights Exercisable	No. Shares Vested
P. Bird	300,000	-	300,000	-	150,000
M. Connors [1]	634,224	327,288	961,512	259,349	-

(1) Grant to Mr Connors are rights which are exercisable after each vesting date.

Long term incentives fair value movements during the year

Executive	Fair value of shares/rights granted during the year $	Fair value of shares/rights exercised during the year $	Fair value of shares/rights forfeited during the year $	Remuneration consisting of shares/rights granted during the year %
P. Bird	-	-	-	-
M. Connors	6,906	-	-	1.81

Shareholding of KMP

	Balance at beginning of period 1 Oct 2014				Net change				Balance at end of period 30 September 2015			
	Ordinary Shares	Class A$0.25 Partly Paid Ordinary Shares	Class B $0.50 Partly Paid Ordinary Shares	Employee Share Plan Reserved Shares / Rights (vested) (1)	Class A$0.25 Partly Paid Ordinary Shares Granted	Class B $0.50 Partly Paid Ordinary Shares Granted	Net Change Ordinary Shares (2)	Net Change Employee Share Plan Reserved Shares / Rights (3)	Ordinary Shares	Class A$0.25 Partly Paid Ordinary Shares	Class B $0.50 Partly Paid Ordinary Shares	Employee Share Plan Reserved Shares / Rights (vested) (1)
KMP												
G. Cameron	175,000	-	-	-	-	-	100,000	-	275,000	-	-	-
J. Taylor	500,000	-	-	-	-	-	500,000	-	1,000,000	-	-	-
P. Bird	5,952,659	-	-	75,000	-	-	80,000	75,000	6,032,659	-	-	150,000
M. Connors	-	-	-	100,793	-	-	-	158,556	-	-	-	259,349
W. Hansen(4)	268,466	100,000	500,000	-	-	-	-	-	268,466	100,000	500,000	-
Total	**6,896,125**	**100,000**	**500,000**	**175,793**	**-**	**-**	**680,000**	**233,556**	**7,576,125**	**100,000**	**500,000**	**409,349**

(1) Employee share plan reserved shares including vested shares and rights which are exercisable after each vesting date.

(2) Net change ordinary shares refer to ordinary shares purchased or sold to the market during the financial year.

(3) Net change employee share plan reserved shares refers to shares and rights vested, forfeited and exercised during the financial year.

(4) Closing balance represents the balance at the date of departure.

Founders' Plan (Executive Bonus Plan)

On 28 July 2010 the Company announced that it had agreed to terminate the Founders' Plan and settlement terms were agreed. This action had the full support of the Founders and the then Heemskirk Board. The settlement provided for all outstanding partly paid shares held by the Founders to be paid up on execution.

In conjunction with the Founder's Plan settlement, loan facilities were made available to the Founders to assist with discharging any Australian taxation liability as a result of the settlement. The drawdown of the facility as at 30 September 2015 is $0.345 million (2014: $0.310 million).

The loan facility is interest-bearing at market rates 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 in relation to the Managing Director of $0.196 million (2014: $0.129 million) as at 30 September 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Note	2015 $'000	2014 $'000
Revenue from continuing operations	*3(a)*	224	705
Cost of sales	*3(b)*	(52)	(1,146)
Gross profit/(loss)		**172**	**(441)**
Loss on sale of investments		(48)	(220)
Fair value loss on equity investments		(519)	(1,929)
Net loss on equity investments		(567)	(2,150)
Other income		84	429
Total other expenses		**(483)**	**(1,721)**
Depreciation and amortisation expense		(331)	(399)
Employee benefits expense	*3(c)*	(2,195)	(1,282)
Corporate costs		(1,072)	(544)
Consultants and advisory expense		(1,079)	(519)
Finance costs		(285)	(455)
Impairment expense		(22)	(11)
Loss before income tax from continuing operations		**(5,295)**	**(5,372)**
Income tax benefit from continuing operations	*4*	51	2
Loss after income tax from continuing operations		**(5,244)**	**(5,370)**
Profit from discontinued operations (net of income tax)	*5*	-	2,991
Loss after income tax		**(5,244)**	**(2,379)**
Other comprehensive income:			
Items that will be subsequently reclassified to the income statement			
Foreign currency translation		502	(283)
Foreign currency translation differences recycled to income statement on disposal of foreign operation		-	(29)
Items that will not be subsequently reclassified to profit or loss			
Asset revaluation		-	(453)
Other comprehensive income/(loss) for the period, net of tax		**502**	**(765)**
Total comprehensive income/(loss) for the period		**(4,742)**	**(3,144)**
Earnings per share (EPS) from continuing operations			
Basic earnings per share (cents)	*6*	(3.11)	(3.48)
Diluted earnings per share (cents)	*6*	(3.11)	(3.48)
Earnings per share on profit/(loss)			
Basic earnings per share (cents)		(3.11)	(1.54)
Diluted earnings per share (cents)		(3.11)	(1.61)

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

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Note	2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	*7*	5,974	12,101
Trade and other receivables	*8*	263	388
Inventories	*9*	1,398	1,397
Other financial assets	*10*	3,402	4,226
Other current assets		236	256
Total current assets		**11,273**	**18,369**
Non-current assets			
Property, plant and equipment	*12*	4,380	1,986
Exploration, evaluation and mine development	*13*	7,461	5,430
Deferred tax assets	*4*	7	2
Other non current assets	*11*	1,974	-
Total non-current assets		**13,822**	**7,417**
TOTAL ASSETS		**25,095**	**25,786**
LIABILITIES			
Current liabilities			
Trade and other payables	*14*	957	707
Interest bearing loans and borrowings	*15*	19	2,776
Provisions		286	265
Income tax payable	*4*	-	783
Total current liabilities		**1,262**	**4,530**
Non-current liabilities			
Deferred tax liabilities	*4*	63	58
Interest bearing loans and borrowings	*15*	65	-
Provisions		40	35
Total non-current liabilities		**168**	**94**
TOTAL LIABILITIES		**1,430**	**4,624**
NET ASSETS		**23,665**	**21,162**
EQUITY			
Contributed equity	*16*	87,836	81,184
Reserves		1,984	889
Retained earnings/(losses)		(66,155)	(60,911)
TOTAL EQUITY		**23,665**	**21,162**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Issued capital $'000	Retained earnings $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Share based payment reserve $'000	Total Equity $'000
Balance at 1 October 2013	**81,184**	**(59,874)**	**2,065**	**696**	**226**	**24,297**
Loss for the period	-	(2,379)	-	-	-	(2,379)
Foreign currency translation differences recycled to income statement on disposal of foreign operation	-	-	-	(29)	-	(29)
Other comprehensive income net of tax	-	-	(453)	(283)	-	(736)
Total comprehensive income for the period	**-**	**(2,379)**	**(453)**	**(312)**	**-**	**(3,144)**
Transactions with owners in their capacity as owners						
Employee share based payments	-	-	-	-	9	9
Transfer of asset revaluation reserve on disposal of land	-	1,342	(1,342)	-	-	-
Balance at 30 September 2014	**81,184**	**(60,911)**	**270**	**384**	**235**	**21,162**
Balance at 1 October 2014	**81,184**	**(60,911)**	**270**	**384**	**235**	**21,162**
Loss for the period	-	(5,244)	-	-	-	(5,244)
Other comprehensive income net of tax	-	-	7	495	-	502
Total comprehensive income for the period	**-**	**(5,244)**	**7**	**495**	**-**	**(4,742)**
Transactions with owners in their capacity as owners						
Shares converted and issued during the period	7,032	-	-	-	-	7,032
Transaction costs on issued capital, net of tax	(380)	-	-	-	-	(380)
Employee share based payments	-	-	-	-	16	16
Other share based payments	-	-	-	-	577	577
Balance at 30 September 2015	**87,836**	**(66,155)**	**277**	**879**	**828**	**23,665**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers		327	20,581
Payments to suppliers and employees		(4,291)	(23,103)
Interest received		107	234
Income tax received/(paid)		(784)	(200)
Finance costs paid		(313)	(467)
Net cash flows used in operating activities	*23(a)*	(4,954)	(2,955)
Cash flows from investing activities			
Cash deposit for bank investments/guarantees		82	3
Proceeds from the sale of equity investments		176	61
Proceeds from the sale of property, plant and equipment		30	9,083
Purchases of property, plant and equipment		(2,590)	(173)
Exploration, evaluation and mine development expenditure		(1,397)	(535)
Dividends received		-	126
Net cash flows from investing activities		(3,699)	8,565
Cash flows from financing activities			
Proceeds from issue of share capital, net of transaction costs		5,575	-
Convertible notes redemption/buy back		(2,739)	-
Proceeds/(repayment) of borrowings		-	(2,285)
Borrowing costs paid		(414)	-
Net cash flows from/(used in) financing activities		2,422	(2,285)
Net increase/(decrease) in cash and cash equivalents		(6,231)	3,325
Cash and cash equivalents at beginning of period		12,101	8,502
Net foreign exchange differences		104	274
Cash and cash equivalents at end of period	*7*	**5,974**	**12,101**

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

The financial report of Heemskirk Consolidated Limited and its controlled entities (the Company) for the year ended 30 September 2015 was authorised for issue in accordance with a resolution of the directors on 25 November 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.

The nature of the operations and principal activities of the Company and its controlled entities are mining, development and processing of industrial minerals and resource equity investments.

Note 1: Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments, equity investments and land, which have been measured at fair value.

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.

The Company is a for profit entity.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(b) Compliance with IFRS

The financial report complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

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

- AASB132 - Financial Instruments Presentation - *Offsetting Financial Assets and Financial Liabilities*
- AASB136 - Impairment of Assets – *Recoverable Amount Disclosures for Non-Financial Assets*

Adoption of the above Standards, Amendments and Interpretations did not have any material effect on the financial position or performance of the Company but resulted in some additional disclosure.

New Accounting Standards and Interpretations not yet adopted
The following standards, amendments to standards and interpretations have been identified as those which may impact the Company in the period of initial application. They have been issued but are not yet effective at 30 September 2015, but have not been applied in preparing this financial report.

Reference and Title	Details of the New Standard/Amendment/Interpretation	Impact on Company	Application date for the Company
AASB 9 Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.	*(ii)*	1-Oct-18

(b) Compliance with IFRS (continued)

Reference and Title	**Details of the New Standard/Amendment/Interpretation**	**Impact on Company**	**Application date for the Company**
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	*(i)*	1-Oct-16
AASB 15 Revenue from Contracts with Customers	IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 supersedes: (a) IAS 11 Construction Contracts (b) IAS 18 Revenue (c) IFRIC 13 Customer Loyalty Programmes (d) IFRIC 15 Agreements for the Construction of Real Estate (e) IFRIC 18 Transfers of Assets from Customers (f) SIC-31 Revenue—Barter Transactions Involving Advertising Services The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract	*(ii)*	1-Oct-18

(i) The adoption of this new standard, amendment or interpretation is not expected have a material impact on the Company's financial statements.

(ii) The Company has not yet determined the extent of the impact, if any.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Heemskirk Consolidated Limited and its subsidiaries as at 30 September 2015.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its Power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights to an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee:

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Accounting policies of subsidiaries are consistent with the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(d) Foreign currency translation

Functional and presentation currency
The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cashflow or net investment hedge until disposal at which time they are recognised in the statement of comprehensive income. Exchange variations resulting from the translation of subsidiaries functional currency are recognised in the foreign currency translation reserve in equity.

In accordance with the requirements of the accounting standards, foreign currency translation gains/(losses) remain deferred in equity until the disposal of the foreign operation, at which point they are recognised in the statement of comprehensive income.

(e) Impairment of assets

The carrying amounts of all assets are reviewed yearly to determine whether there is an indication of impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units - CGUs).

(f) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest income
Revenue is recognised as interest accrues using the effective interest method. Revenue is recognised when the Company's right to receive payment is established.

Dividends
Revenue is recognised when the Company’s right to receive the payment is established.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cashflows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cashflows.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(h) Income tax

Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

(h) Income tax (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(i) Exploration, evaluation and feasibility expenditure

Exploration and evaluation expenditure related to areas of interest is capitalised and carried forward to the extent that:

- Rights to the tenure of the area of interest are current; and

  (a) Costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by sale; or

  (b) Where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, active and significant operations in, or in relation to, the area are continuing.

Such expenditure consists of an accumulation of acquisition costs and direct net exploration and evaluation costs incurred by or on behalf of the Company, together with an appropriate portion of directly related overhead expenditure.

Feasibility expenditure represents costs related to the preparation and completion of a feasibility study to enable a development decision to be made in relation to an area of interest.

At the commencement of production, all past exploration, evaluation and feasibility expenditure in respect of an area of interest is transferred to mine development where it is amortised over the life of the area of interest to which they relate.

When an area of interest is abandoned or the directors decide it is not commercial, any accumulated costs in respect of that area are written off in the year the decision is made. Each area of interest is reviewed at the end of each reporting period and accumulated costs written off to the extent they are not expected to be recoverable in the future.

(j) Mine development

Mine development represents the expenditure incurred in preparing mines for production, and includes stripping and waste removal costs net of revenue recognised before commissioning date. Such expenditure comprises net direct costs and an appropriate allocation of directly related overhead costs.

All expenditure incurred prior to commencement of production from the development property is carried forward to the extent to which it is probable associated future economic benefits will flow to the Company.

When further development expenditure is incurred in respect of the mine property after commencement of production, such expenditure is carried forward as part of the cost of mine property only when future economic benefits are probable, otherwise the expenditure is classified as part of the cost of production and expensed as incurred. Such capitalised development expenditure is added to the total carrying value of mine development being amortised.

The net carrying values of mine development expenditure carried forward are reviewed yearly by directors to determine whether there is any indication of impairment. The carrying value of mine development will be amortised in full by the completion of the mine.

The Company defers mining costs incurred during the production stage of its operations, initially as part of determining the cost of mine development and then to inventories. Deferred mining costs for a mine are amortised over the life of the mine against inventories on a unit-of-production basis taking in to consideration the total remaining cost of developing the mine over its life. The life of mine is based on economically recoverable reserves of each mine. The deferred mining costs in inventories are released to the statement of comprehensive income as an amortisation expense.

The life of mine is a function of an individual mine's design, therefore changes to that design will generally result in changes to the amortisation rate. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of mine even if they do not affect the mine's design. Changes to the life of mine are accounted for prospectively.

Note 2: Significant accounting judgements, estimates and assumptions

In applying the Company's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(a) Determination of mineral resources and ore reserves

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates, deferred stripping costs and provisions for restoration. The Company estimates its mineral resources and ore reserves in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the "JORC code"). The information on mineral resources and ore reserves was prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

(b) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and losses when management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(c) Mine development costs

Funding arrangements and Project development

On 15 July 2015, the Company entered into a USD40.0 million Secured Debt Facility Agreement to fund the construction of the Project. The financing facility is provided by Taurus Funds Management and will be available to draw down in two tranches. USD25.0 million will be available in tranche 1 to complete the 300,000 tpa construction and production development project (phase one) and USD15.0 million will be available in tranche 2 to complete an expansion of the project (phase two) to a 600,000 tpa production level, once phase one has been successfully completed.

The Company is currently working through completing standard conditions precedent to first drawdown of the facility and finalisation of construction contract to commence full build.

Value considerations

Notwithstanding the shortfall of market capitalisation to net assets at 30 September 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.

Note 2: Significant accounting judgements, estimates and assumptions (continued)

(c) Mine development costs (continued)

Capitalised costs in relation to this project amount to CAD6.796 million at 30 September 2015. The total cost estimated to complete the development is CAD30 million. This takes into account contingencies and the CAD exchange rates versus the USD. The majority of the capital estimate is a fixed price contract to complete the processing facility. 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. For details of the impairment assessment process undertaken refer to Note 13(b).

Note 3: Revenue and Expenses

		2015 $'000	2014 $'000
(a)	**Total Revenue**		
	Sale of goods	117	337
	Dividends received	-	126
	Interest received	107	242
	Total revenue	**224**	**705**
(b)	**Cost of sales**		
	Sale of goods	52	1,146
	Total cost of sales (1)	**52**	**1,146**
(c)	**Employee benefits expense**		
	Superannuation expense	60	86
	Share based payment expense	16	9
	Salaries (1),(2)	2,119	1,187
	Total employee benefits expense	**2,195**	**1,282**

(1) Canada overheads are recognised in their respective expense categories in 2015 as there was no production during the year.

(2) Includes salaries from Canada operations, recognised in cost of sales in 2014.

Note 4: Income tax

		2015 $'000	2014 $'000
(a)	**Income tax expense comprises:**		
	Current income tax		
	Current income tax expense (benefit)	(970)	660
	Under (over) provision from previous years	(31)	(18)
	Tax expense (benefit) related to an increase (decrease) in unrecognised tax benefits	956	-
		(45)	642
	Deferred tax expense		
	Relating to origination and reversal of temporary differences	(328)	71
	Under/(over) provision from previous years	3	73
	Tax expense (benefit) related to an increase (decrease) in unrecognised tax benefits	319	-
		(6)	144
	Income tax expense reported in the statement of comprehensive income	**(51)**	**786**
	Income tax expense/(benefit) attributable to:		
	Continuing operations	(51)	(2)
	Discontinued operations	-	788
	Income tax expense (benefit) reported in the statement of comprehensive income	**(51)**	**786**

Note 4: Income tax (continued)

(b) Reconciliation of Prima Facie Income Tax Expense to Income Tax Expense per the Income Statement

	2015 $'000	2014 $'000
Accounting loss from continuing operations	(5,295)	(5,372)
Accounting profit from discontinued operations	-	3,779
Accounting loss before tax	**(5,295)**	**(1,593)**
At the Company's statutory income tax rate of 30% (2014: 30%)	(1,589)	(478)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impact of different foreign tax rates	144	(102)
Other expenses	404	43
Over provided for in prior years	(30)	(45)
Derecognition of current and prior year temporary tax differences	175	475
Derecognition of current and prior year current tax losses	875	1,037
Discontinued operations capital tax on asset disposal	-	(249)
Discontinued operations other tax expenses including prior year overs/unders	-	102
Foreign exchange (gains)/losses and other translation adjustments	(30)	3
Income tax expense reported in the statement of comprehensive income	**(51)**	**786**

(c) Recognised deferred tax assets and liabilities

	2015 $'000 Current income tax	2015 $'000 Deferred income tax	2014 $'000 Current income tax	2014 $'000 Deferred income tax
Opening balance	(783)	(2)	(141)	(133)
Charged to income	45	6	(640)	(144)
Charged to equity	-	(43)	-	50
Other payments/tax losses not recognised	783	(17)	(2)	225
Closing balance	**45**	**(56)**	**(783)**	**(2)**
Tax expense (benefit) in statement of comprehensive income		**(51)**		**786**

Note 4: Income tax (continued)

(d) Tax Losses

The Company has an unrecognised deferred tax benefit relating to capital and income tax losses of $13.997 million (2014: $12.701 million). The Company recognises the benefit of tax losses only to the extent of anticipated future taxable income or gains in relevant jurisdictions. The gross amount of tax losses carried forward that have not been tax effected expire as follows:

	Australia A$'000	Canada A$'000	Total A$'000
Year of expiry			
Income tax losses			
Not later than twenty years	-	12,403	12,403
Unlimited	34,366	-	34,366
	34,366	12,403	46,769
Capital tax losses			
Unlimited	1,956	-	1,956
	1,956	-	1,956
Gross amount of tax losses not recognised	36,322	12,403	48,725
Tax effect of total losses not recognised	**10,897**	**3,101**	**13,997**

(e) Tax Consolidation

Heemskirk Consolidated Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 27 July 2005. Heemskirk Consolidated Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the funding of tax within the group is based on accounting profit, which is not an acceptable method of allocation under AASB Interpretation 1052.10. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call. To the extent that there is a difference between the amount charged under the tax funding agreement and the allocation under AASB Interpretation 1052, the head entity accounts for these as equity transactions with the subsidiaries.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Note 5: Discontinued Operations

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 $2.641 million ($2.607 million).

	Note	2014 $'000
Profit after income tax from Lethbridge	(a)	384
Gain on sale after income tax from Lethbridge	(b)	2,607
Total profit after income tax from Lethbridge		2,991
Net gain after income tax from discontinued operations		**2,991**
Earnings per share (EPS) on net gain after income tax from discontinued operations:		
Basic earnings per share (cents)		1.94
Diluted earnings per share (cents)		1.87

(a) Profit from discontinued operations

	2014 $'000
Revenue	16,467
Cost of sales	(14,093)
Gross Profit	**2,374**
Depreciation and amortisation expense	(73)
Finance income/(expenses)	2
Other expenses	(225)
Impairment losses	(134)
Corporate charges (1)	(1,273)
Profit before income tax	**671**
Income tax (expense)	(287)
Profit after income tax	**384**

(1) Corporate charges is the portion of Calgary overhead costs allocated to Lethbridge.

Note 5: Discontinued Operations (continued)

(b) Gain on sale of discontinued operations

	Note	2014 $'000
Consideration received [1]		10,291
Earnings adjustment [2]		(495)
Net consideration receivable		9,796
Carrying amount of net assets sold	(i)	(5,944)
Transaction costs		(715)
Foreign currency translation reserve recycling		(29)
Gain on sale before income tax from Lethbridge		**3,108**
Income tax expense		(501)
Gain on sale after income tax from Lethbridge		**2,607**

(1) Consideration comprises CAD8.440 million ($8.356 million) for the net assets excluding inventories plus CAD2.052 million ($2.103million) for inventories. "Inventories" sold represent the final raw materials and finished goods held at the time of sale completion including spare parts, as at 31 March 2014.

(2) The purchaser was entitled to Lethbridge earnings after tax from 1 February to 31 March 2014.

(i) Carrying amount of net assets sold

	2014 $'000
Inventories	2,290
Property, plant & equipment	3,597
Mine development	147
Interest bearing liabilities	(17)
Employee liabilities	(73)
Net Assets	**5,944**

(c) Cash flows from discontinued operations

	2014 $'000
Net cash flows from operating activities	2,382
Net cash flows used in investing activities	9,344
Net cash flows from/(used in) financing activities	(11,743)
Net cash provided by discontinued operations	**(17)**

Note 6: Earnings Per Share

	2015 $'000	2014 $'000
(a) Earnings used in calculating EPS		
The following reflects the income used in the basic earnings per share computations:		
Basic EPS		
Net profit/(loss) from continuing operations	(5,244)	(5,370)
Net profit/(loss) from discontinued operations	-	2,991
Net profit/(loss)	**(5,244)**	**(2,379)**
Diluted EPS		
Net profit/(loss) (from basic EPS) from continuing operations	(5,244)	(5,370)
Tax effect interest on unsecured convertible notes - liability	98	203
Diluted Net profit/(loss) from continuing operations (1)	**(5,146)**	**(5,167)**

(1) Diluted Net profit/(loss) from discontinued operations is the same as basic net profit/(loss) from discontinued operations.

	2015 No. of shares	2014 No. of shares
(b) Weighted average number of shares		
Weighted average number of ordinary shares for basic earnings per share	168,492	154,472
Effect of dilution:		
Converted debt securities (1)	-	5,667
Reserved shares (1)	-	105
Weighted average number of ordinary shares for the effect of dilution	**168,492**	**160,244**

	2015 ¢	2014 ¢
(c) EPS (cents per share)		
Basic EPS from continuing operations	(3.11)	(3.48)
Basic EPS from discontinued operations	-	1.94
Diluted EPS from continuing operations	(3.11)	(3.48)
Diluted EPS from discontinued operations	-	1.87

(1) Because diluted earnings per share is increased when taking the unsecured convertible notes and reserved shares into account, these are anti-dilutive and as such are excluded from the calculation of diluted earnings per share.

Note 7: Cash & Cash Equivalents

	2015 $'000	2014 $'000
Cash at bank and in hand (1)	5,974	8,466
Short term deposit	-	3,635
Total cash and cash equivalents as per the statement of cash flows	**5,974**	**12,101**

(1) Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represents fair value.

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with a maturity of three months or less.

Note 8: Trade and Other Receivables

	2015 $'000	2014 $'000
Current		
Trade receivables	3	19
Goods and services tax	81	34
Other debtors (1)	179	335
Total Trade and Other Receivables	**263**	**388**

(1) Other debtors includes employee loan receivable and a provision for impairment loss. Refer to Note 22(d) for details.

These financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of financial asset. After initial recognition, these assets are measured at amortised cost, using the effective interest method. Gains and losses are recognised in profit or loss when these assets are derecognised or impaired, as well as through the amortisation process.

Refer to Note 18(c) for the Company's material credit risk exposure.

Note 9: Inventories

	2015 $'000	2014 $'000
Current		
Raw materials and stores - at cost	1,395	1,342
Finished goods - at net realisable value	3	55
Total inventories at cost and net realisable value	**1,398**	**1,397**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. The costs of mining stocks include direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

Materials and supplies are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified. A regular and ongoing review is undertaken to establish the extent of surplus items and a provision is made for any potential loss on their disposal.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Note 9: Inventories (continued)

Inventories recognised as an expense for continuing operations for the year ended 30 September 2015 totalled $0.052 million (2014: $0.272 million) for the Company. This expense has been included in the cost of sales from continuing operations line item as a cost of inventories.

Inventory write-downs recognised as an expense totalled $nil (2014: $nil).

Note 10: Other financial assets

	2015 $'000	2014 $'000
Current		
Listed equity investments (1)	3,402	4,144
Term deposits	-	82
	3,402	**4,226**

(1) Listed equity investments are categorised as Level 1 in the fair value hierachy. Fair value of this approach is determined by reference to quoted market bid prices at the close of business on the balance sheet date. Realised gains or losses are included in the statement of comprehensive income. The Company recognises unrealised gains and losses of equity investments in the statement of comprehensive income under the “fair value through profit and loss” approach.

Note 11: Deferred Borrowing Costs

	2015 $'000	2014 $'000
Non-current		
Deferred Borrowing Costs	1,974	-
	1,974	**-**

Deferred borrowing costs represent the initial capitalised costs of establishing the Secured Debt Facility for the Moberly Frac Sand Project.

Secured Debt Facility
On 15 July 2015, the Company entered into a USD40.0 million Secured Debt Facility Agreement to fund the construction of the Moberly Frac Sand Project. At balance date, the Company is continuing to work through conditions precedent prior to first drawdown of the facility. The financing facility is provided by Taurus Funds Management and will be available to draw down in two tranches. USD25.0 million will be available in tranche 1 to complete the 300,000 tpa construction and production development project (phase one) and USD15.0 million will be available in tranche 2 to complete an expansion of the project (phase two) to a 600,000 tpa production level, once phase one has been successfully completed.

The financing facility bears interest at 10% per annum, an arrangement fee of 2% of the facility amount, a commitment fee of 2% per annum on undrawn amounts at each phase, an issue of 25.219 million options and 2% Free on Train Gross Revenue Royalty, ex Plant Price. The facility maturity date is 31 December 2018, with a 12 month extension option.

Deferred borrowing costs capitalised represent the 2% arrangement fee totalling USD0.800 million (AUD $1.077 million) which was paid via an issue of 10.773 million HSK fully paid ordinary shares, legal and advisory fees paid of AUD $0.414 million and the fair value of 12.609 million options which vested on date of signing. The strike price of the options is $0.0878, a 25% premium to the 10 day VWAP prior to the date of signing the agreement. A further 12.609 million options are expected to vest pro rata for amounts drawn. No amounts have been drawn under the facility as at 30 September 2015. These Deferred borrowing costs will be recognised against proceeds drawn under the facility.

Note 12: Property, plant and equipment

	Freehold Land $'000	Buildings $'000	Plant & Equipment $'000	Other[1] $'000	Total $'000
Year ended 30 September 2015					
At 1 October 2014, net of accumulated depreciation	406	544	989	48	1,987
Additions	7	-	2,487	181	2,675
Disposals at written-down value	-	-	(37)	(1)	(38)
Depreciation charge for the year	-	(39)	(206)	(66)	(311)
Foreign currency increase / (decrease)	15	20	31	1	67
At 30 September 2015, net of accumulated depreciation	**428**	**525**	**3,264**	**163**	**4,380**
At 30 September 2015					
Cost or fair value	428	800	4,904	469	6,601
Accumulated depreciation	-	(275)	(1,640)	(306)	(2,221)
Net carrying amount	**428**	**525**	**3,264**	**163**	**4,380**
Year ended 30 September 2014					
At 1 October 2013, net of accumulated depreciation	2,777	1,045	2,481	209	6,512
Additions	14	-	125	35	174
Disposals at written-down value	-	-	(1)	(5)	(6)
Revaluation	(401)	-	-	-	(401)
Depreciation charge for the year	-	(60)	(282)	(66)	(408)
Disposals in discontinued operations	(1,863)	(407)	(1,210)	(117)	(3,597)
Foreign currency increase / (decrease)	(121)	(34)	(124)	(8)	(287)
At 30 September 2014, net of accumulated depreciation	**406**	**544**	**989**	**48**	**1,987**
At 30 September 2014					
Cost or fair value	406	770	2,461	435	4,073
Accumulated depreciation	-	(226)	(1,472)	(388)	(2,085)
Net carrying amount	**406**	**545**	**989**	**48**	**1,987**

(1) Other equipment with a carrying amount of $0.074 million (2014: nil) are pledged as securities for interest bearing labilities as disclosed in Note 15.

Property, plant and equipment, buildings and other

Each class of property, plant and equipment, buildings and other is measured at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying values are reviewed for impairment annually, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount is assessed on the basis of the expected net cashflows that will be received from the assets employed and subsequent disposal. The expected net cashflows have been discounted to their present values in determining recoverable amounts.

An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount is greater that its estimated recoverable amount.

Note 12: Property, plant and equipment (continued)

Freehold land

Following initial recognition at cost, freehold land is carried at a revalued amount. Fair value is the price that could be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

It is the policy of the Company to have an independent valuation every 3 to 5 years, with annual appraisals being made by the directors. The last independent valuation was performed on 9 May 2011. The valuation method used in determining fair value is the direct comparison approach. Fair value determined using this approach is compared against market transactions of similar parcels of land and then adjusted for characteristics specific to the site being valued. Freehold land is categorised as level 3 in the fair value hierarchy as adjustments made to the price per acre are unobservable. The price per acre has been determined as CAD0.005 million. A change in this value would have a corresponding impact on fair value.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income, in which case the increase is recognised in the statement of comprehensive income.

Any revaluation decrease is recognised in the statement of comprehensive income, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to statement of comprehensive income.

Depreciation

Items of property, plant and equipment, including buildings but excluding freehold land, are depreciated/amortised over their estimated useful lives.

The Company uses the unit-of-production basis when depreciating mine specific assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located.

The remainder of assets but excluding freehold land, is depreciated on a straight line basis over their useful lives of 3 - 20 years, commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

Note 13: Exploration, evaluation and mine development

(a) Reconciliation of carrying amounts at the beginning and end of the period

	Exploration and Evaluation $'000	Mine Development $'000	Total $'000
Year ended 30 September 2015			
At 1 October 2014, net of accumulated amortisation	5,188	242	5,430
Additions	-	1,764	1,764
Transfer to Mine Development	(5,258)	5,258	-
Amortisation charge for the year	-	(20)	(20)
Foreign currency increase/(decrease)	70	217	287
At 30 September 2015, net of accumulated amortisation	**-**	**7,461**	**7,461**
At 30 September 2015			
Cost or fair value	-	7,631	7,631
Accumulated amortisation	-	(170)	(170)
Net carrying amount	**-**	**7,461**	**7,461**
Year ended 30 September 2014			
At 1 October 2013, net of accumulated amortisation	4,628	539	5,167
Additions	530	11	541
Impairment	-	(98)	(98)
Amortisation charge for the year	-	(64)	(64)
Disposal in discontinued operations	(16)	(131)	(147)
Foreign currency increase/(decrease)	46	(15)	30
At 30 September 2014, net of accumulated amortisation	**5,188**	**242**	**5,430**
At 30 September 2014			
Cost or fair value	5,188	386	5,574
Accumulated amortisation	-	(144)	(144)
Net carrying amount	**5,188**	**242**	**5,430**

Note 13: Exploration, evaluation and mine development (continued)

(b) Impairment

In accordance with the Group's accounting policies and processes, the Group performs its impairment testing annually at 30 September. Cash generating units ("CGUs") are reviewed at each reporting period to determine whether there is an indication of impairment or impairment reversal. Where an indicator of impairment or impairment reversal exists, a formal estimate of the recoverable amount is made.

During the year the Group performed a detailed impairment assessment of the Mining Canada Cash Generating Unit ('CGU'). This was triggered by the Consolidated Entity's market capitalisation remaining below its net assets value. Pursuant to the detailed assessment, no impairment adjustment was required at 30 September 2015.

(i) Methodology
An impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount of each CGU has been estimated using its fair value less costs of disposal ("Fair Value") basis. The costs of disposal have been estimated by management based on prevailing market conditions.

The assessment of Fair Value was performed using an internal valuation, based on discounted cash flows of a twenty year operating life, estimated production levels, revenue and production costs and a real post tax discount rate of 9.67 percent.

Key assumptions:
(i) Revenues - Frac sand revenue price received is based on the price expected in current market based on product specifications, plant location and customer type and feedback on pricing.

(ii) Production, operating and capital costs - Production rate is based on a nameplate production output capacity of 300,000 metric tonnes over an operating life of 20 years. Operating costs were based on the engineering specifications of the plant flow sheet and estimates of labour and energy costs. Capital costs to complete the development of the Project is approximately CAD30 million. This takes into account contingencies and the CAD exchange rates versus the USD.

(iii) Discount rate - The 9.67 percent discount rate was adopted to reflect the rate that would be applied by a market participant in considering the value of the CGU. Assuming nil terminal value and an operating life of 20 years the breakeven discount rate for the project, at which recoverable amount is equal to carrying amount, is 18.2%.

Significant judgements and assumptions are required in making estimates of Fair Value. This is particularly so in the assessment of long life assets. It should be noted that the CGU Fair Values are subject to variability in key assumptions including, but not limited to, oil prices, currency exchange rates, discount rates, production profiles and operating and capital costs. A change in one or more of the assumptions used to estimate Fair Value could result in a change in a CGU's Fair Value.

Note 14: Trade and other payables

	2015 $'000	2014 $'000
Current		
Trade payables	227	182
Sundry creditors and accrued expenses	730	525
Total Trade and Other Payables	**957**	**707**

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are non-interest bearing, unsecured and are normally settled on 30 to 45 day terms.

Note 15: Interest bearing loans and borrowings

	Note	2015 $'000	2014 $'000
Current			
Secured Liabilities			
Obligations under finance leases and hire purchase contracts		19	-
Unsecured Liabilities			
Convertible notes - unsecured	(a)	-	2,776
		19	**2,776**
Non-current			
Secured Liabilities			
Obligations under finance leases and hire purchase contracts		65	-
		65	**-**

Refer to Note 19(b) for details on finance leases.

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The fair value of unsecured Convertible notes is determined on issuance using a market rate for an equivalent non-convertible bond and this is carried as a long-term liability on the amortised cost basis until extinguished. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as an expense when incurred, except when they are included in the costs of qualifying assets.

(a) Convertible notes - unsecured

On 31 March 2011, the Company issued 1,889,000 unsecured convertible notes with an issue price of $2.00. On 30 March 2015, all 1,889,000 convertible notes were converted into 3 ordinary shares in the Company (a total of 5,667,000 shares) and $1.45 cash (a total of $2.739 million). The convertible notes attracted interest at a rate of 10.25% per annum.

Note 16: Contributed Equity

	Note	2015 $'000	2014 $'000
Fully paid ordinary shares	(a)	86,356	79,757
Reserved shares	(b)	(539)	(592)
Class A $0.25 ordinary shares (paid to $0.01)	(c)	1	1
Class B $0.50 ordinary shares (paid to $0.01)	(d)	15	15
Convertible notes - unsecured [1]		2,003	2,003
		87,836	**81,184**

Issued ordinary share capital is classified as equity and is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares and the associated tax are recognised directly in equity as a reduction of the share proceeds received.

(1) The unsecured convertible notes issued contained both an equity and a debt component. The balance of $2.003 million (2014: $2.003 million) represents the component of the notes recognised directly in equity. Refer to Note 15(a) for details on the debt

(a) Fully paid ordinary shares

	Shares thousands	$'000
Year ended 30 September 2014		
At 1 October 2013	154,105	79,842
Reserved shares quoted - vested shares in employee share plan trust	334	(85)
At 30 September 2014	**154,439**	**79,757**
Year ended 30 September 2015		
At 1 October 2014	154,439	79,757
Convertible notes converted	5,667	-
Loan arrangement fee, paid in shares	10,773	1,077
Private placement to sophisticated investors	13,259	1,326
Options exercised by Taurus Funds Management	8,750	768
1 for 5 Rights Issue	38,599	3,861
Reserved shares quoted - vested shares in employee share plan trust	110	(53)
Capital raising costs	-	(380)
As at 30 September 2015	**231,597**	**86,356**

Unissued shares

There are 3.859 million options that have vested and are exercisable at 30 September 2015.

Voting and other rights

At meetings of members each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

When managing capital, the Board's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Note 16: Contributed Equity(continued)

(b) Reserved shares

	Shares thousands	$ '000
Year ended 30 September 2014		
At 1 October 2013	2,089	(677)
Reserved shares quoted - vested shares in employee share plan trust	(334)	85
At 30 September 2014	**1,755**	**(592)**
At 1 October 2014	1,755	(592)
Reserved shares quoted - vested shares in employee share plan trust	(110)	53
At 30 September 2015	**1,645**	**(539)**

The Company's own equity instruments are reacquired for later use in employee share-based payment arrangements and are deducted from equity. No gain or loss is recognised in the statement of comprehensive income on purchase, sale, issue or cancellation of the Company's own equity instruments.

Vesting
The employee shares issued are under the terms described in Note 17(b).

Voting and other rights
Employee shares:
- participate in dividends on the same basis as holders of ordinary shares and the proceeds on winding up of the parent entity in proportion to the number of shares held;
- carry the right to participate in new issues of securities to holders of ordinary shares on the same basis as holders of ordinary shares; and

(c) Class A $0.25 ordinary shares

	Shares thousands	$'000
Partly paid		
At 1 October 2014	100	1
At 30 September 2015	**100**	**1**

(d) Class B $0.50 ordinary shares

Partly paid		
At 1 October 2014	1,500	15
At 30 September 2015	**1,500**	**15**

Issue terms
Each partly paid share was issued at 1 cent and at 30 September 2015 has an unpaid amount of:
(i) for Class A partly paid shares - 24 cents; and
(ii) for Class B partly paid shares - 49 cents.

(e) Dividends Paid and Proposed

No dividends were declared or paid during both the 2015 and 2014 financial years. The amount of franking credits available for subsequent financial years at 30 September 2015 is $0.866 million (2014: $0.866 million).

Note 17: Share Based Payments

	2015 $'000	2014 $'000
(a) Recognised share-based payments		
Employee Share Plan Expense	16	9
Shares and options issued under the terms of the Taurus Secured Debt Facility(1)	1,655	-
Total expense arising from share-based payment transactions(2)	**1,671**	**9**

(1) Fair Value expense recognised in Deferred Borrowing Costs. See Note 11 for more details.

(2) Total costs recognised in the Share Based Payment Reserve in Equity.

(b) Types of share-based payment

Employee Share Plan ("ESP")

Shares may be granted to employees, with more than 12 months' service, to align interests with those of share holders to increase the value of the Company's shares. Under the terms of grant, the share price was set by reference to the 5 day VWAP after the release of the Company's annual financial results. The shares were issued as restricted securities. There are no ongoing performance hurdles governing vesting other than the continued employment of the employee. Subject to that continuing employment, the shares issued vest automatically on the anniversary of the issue date at the rate of 25% each year.

If an employee ceases employment prior to the vesting of the shares, the unvested shares are forfeited unless cessation of employment is due to death. In the event of a change of control, the vesting period dates may be brought forward to the date of the change of control and awards will vest subject to performance over this shortened period.

Employee Share Loans ("ESL")

Under the ESP an interest free loan is made to the employee to fund the acquisition of shares in the Company. 70% of dividends are required to be applied to the loan reduction and the loan balance must be paid out from share sale proceeds. If the share sale proceeds are less than the value of the loan, the employee pays the balance of the loan. If the loan balance is not retired, the employee is unable to receive any benefit from the shares. If an employee leaves prior to vesting of shares then the shares are forfeited and the loan is cancelled.

Shares and Options issued under the terms of the Taurus Secured Debt Facility ("the Facility")

(i) Shares

On 15 July 2015, under the terms of the Facility, the Company issued 10.772 million shares as consideration for the Loan arrangement fee of $1.077 million (USD0.800 million). The fair value of the loan arrangement fee is the consideration settled.

(ii) Options

On 15 July 2015, under the terms of the Facility, the Company issued 25.219 million options to Taurus Funds Management. Of the 25.219 million options issued, 12.609 million options vested on the date of signing of which 8.750 million options were exercised on 24 July 2015. The remaining 12.609 million options will vest pro rata for amounts drawn. The strike price of the options is $0.0878, a 25% premium to the 10 day VWAP prior to the date of signing the agreement.

Each option entitles the holder to acquire one ordinary share, each fully paid in the capital of the Company and will not be quoted on the Australian Securities Exchange or any other stock exchange without the approval of the Option Holder. The options have an expiry date of 5 years from 15 July 2015. An Option is exercisable by the Option Holder giving written notice to the Company accompanied by payment of the exercise price for each Option, directly to the Lender as a prepayment or repayment by the Company to the extent required under the Loan Agreement, unless otherwise agreed by the Option Holder.

Note 17: Share Based Payments (continued)

Shares will be issued following valid exercise of the Options will be issued and allotted within 10 Business Days of the exercise date provided all documents and payments have been received and will rank equally with all other Shares on issue.

There are no participating rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered to the shareholders during the currency of the Options. However, the Company will ensure that the record date will be at least 10 Business Days after the Company has notified the Option Holder of the issue so that the holder may exercise its Options held at that time before the date for determining entitlements to participate in any such issues.

In the event of any reorganisation of the issued capital of the Company, the the rights of the option holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

If prior to the expiry date of the Options, the Company makes a pro rata bonus issue of shares and an Option is not exercised before the record date to determine entitlements to that bonus issue, the number of Shares to be issued on exercise of the Option is the number of Shares that would have otherwise been issued upon exercise of the Option, plus the number of Shares which would have been issued to the Option Holder if the Option has been exercised before the record date for the bonus issue, with all new Shares so issued ranking equally in all respects with the other Shares on issue.

(c) Summary of shares and options granted

The following table illustrates the number (No.) and weighted average issue prices (WAIP) of, and movements in, shares, rights and options issued during the year:

	2015 *No.*	2015 *WAIP*	2014 *No.*	2014 *WAIP*
Employee Share Plan - Shares				
Outstanding at the beginning of the year	778,989	0.17	1,189,442	0.17
Granted during the year	99,876	0.07	-	-
Expired during the year	(308,849)	-	(345,196)	-
Sold as employee exercise during the year	(30,000)	-	(65,257)	-
Shares outstanding at the end of the year	**540,016**	**0.12**	**778,989**	**0.17**

	2015 *No.*	2015 *WAIP*	2014 *No.*	2014 *WAIP*
Employee Share Plan - Rights				
Outstanding at the beginning of the year	1,184,554	0.01	955,080	0.05
Granted during the year	366,794	0.02	704,116	0.01
Expired during the year	(301,238)	0.01	(474,642)	-
Rights outstanding at the end of the year (1)	**1,250,110**	**0.02**	**1,184,554**	**0.01**

(1)The weighted average of the remaining contractual life of ESP shares granted is 2.1 (2014: 1.5) years.

	2015 *No.*	2015 *WAIP*	2014 *No.*	2014 *WAIP*
Options				
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	25,219,435	0.09	-	-
Exercised during the year	(8,750,000)	0.09	-	-
Options outstanding at the end of the year (1)	**16,469,435**	**0.09**	**-**	**-**

(1) Of the 16.469 million options outstanding, 3.859 million have vested and is exercisable. The remaining 12.609 million options are expected to vest pro rata for amounts drawn on the Facility. Refer to Note 11 for details of the Facility.

Note 17: Share Based Payments (continued)

(c) Weighted average fair value

The provision of the non-recourse loan has required that the ESP shares issued be treated as if the issue was a grant of options on the relevant date.

(e) Fair Value pricing model

Employee Share Plan

The fair value of the equity-settled ESP shares issued is estimated as at the date of grant using a Binomial Model taking into account the terms and conditions upon which the shares were issued. The model takes into account the historic share price volatilities and implied dividend yields.

The following table lists the key assumptions to the model used for the year ended 30 September:

	2015	2014
Forecast dividend yield (%)	0.00	0.00
Expected volatility (%)	77.00	69.00
Risk-free interest rate (%)	1.98	3.71
Expected life (years)	4.00	4.00
Employee exit rate (%)	53.00	57.00
Exercise multiple (times)	1.00	1.00
Issue price ($)	0.10	0.07
Weighted average share price at measurement date ($)	0.04	0.01

Forecast dividend has been based on dividend history over the previous 3 years. The rate assumed is an expected average over the four-year period and is based on market yields generally found in resource-based operating companies. This may not necessarily be an outcome as the Company has not announced a stated dividend policy. The expected volatility was determined using an historical sample of 80 week-end Company share prices. The resulting expected volatility therefore reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The expected life of the option is equivalent to the maximum period when all shares will vest. Accordingly there is no discount for vesting shares during the term. As the shares have been issued, and not subject to further election to exercise the exercise multiple has been taken as a 1:1 (2014: 1:1) relationship.

Options issued under the terms of the Facility

The fair value of the equity-settled ESP shares issued is estimated as at the date of grant using a Black Scholes option-pricing model taking into account the terms and conditions upon which the options were granted. The options granted during the year ended 30 September 2015 were valued using the following average assumptions:

	2015
Forecast dividend yield (%)	Nil
Expected volatility (%)	77.00
Risk-free interest rate (%)	1.98
Expected life of options (years)	5.00
Options exercise price ($)	0.09
Weighted average share price at measurement date ($)	0.07

Note 18: Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise equity investments and cash deposits.

The main purpose of these financial instruments is to provide cash flow and funding for the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Company also enters into derivative transactions when required. The purpose is to manage the currency and commodity risk arising from the Company's operations and its source of finance.

The main risks arising from the Company's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk, liquidity risk and price risk.

Risk Exposures and Responses

(a) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the cash at bank and in hand with a floating interest rate.

At balance date, the Company had the following mix of financial assets exposed to interest rate risk:

	2015 $'000	2014 $'000
Cash and cash equivalents	5,974	12,101
	5,974	**12,101**

The Company's policy is to manage its finance costs using a mix of fixed and variable rate debt.

At 30 September 2015, if interest rates had increased/(decreased) by 100 basis points, with all other variables held constant, post tax profit and equity would have been affected by $0.042 million/($0.042 million), (2014: $0.085 million/($0.085 million)).

(b) Foreign currency risk

The Company undertakes transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The majority of the Company's revenues and costs are denominated in AUD and CAD dollars.

The Company's balance sheet can be affected by movements in the AUD/CAD and CAD/USD exchange rates.

Approximately 5% (2014: nil%) of costs are denominated in currencies other than the functional currency of the individual entities.

Measuring the exposure to foreign exchange risk is achieved by regularly monitoring and performing sensitivity analysis on the Company's financial position.

At 30 September 2015, the carrying amounts of the Company's CAD and USD financial assets are as follows:

	Canadian dollars		US dollars	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash and cash equivalents	680	6,896	-	45
Equity investments	3,163	3,886	-	-
	3,843	**10,782**	**-**	**45**

Note 18: Financial Risk Management Objectives and Policies (continued)

(b) Foreign currency risk (continued)

At 30 September 2015, if the Canadian and United States Dollars had increased/(decreased) by 100 basis points, with all other variables held constant, post tax profit and equity would have been affected by $0.026 million/($0.026 million), (2014: ($0.075 million)/$0.075 million).

Management believe the balance date risk exposures are representative of the risk exposure inherent in the financial statements.

(c) Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, trade and other receivables. The Company's exposure to credit risk arises from the potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Company trades only with recognised, creditworthy third parties, and such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

It is the Company's policy that all customers who wish to trade on credit terms are subject to verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation.

Receivables are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. There was a $nil impairment for 2015 and $0.011 million for 2014 (refer to Note 8).

The majority of the Company's receivables are due from customers in Canada, however, as a result of the Company's credit policy, this credit risk is believed to be minimal.

At 30 September 2015, no trade or other receivables were past due.

(d) Liquidity risk

Liquidity risk arises from the financial liabilities of the Company and the Company's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet the Company's financial commitments in a timely and cost-effective manner. The Company's objective is to maintain a balance between continuity and flexibility through the use of bank overdrafts and equity investments.

The Company manages its liquidity risk by monitoring the total cash inflows and outflows by producing monthly cash flow forecasts forward for a minimum of twelve months.

The following maturity analysis reflects all contractually fixed pay-offs, repayments and interest resulting from recognised financial liabilities and recognised financial guarantees as at balance date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. Where the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Company is required to pay. When the Company is committed to make amounts available in instalments, each instalment is allocated in the earliest period in which the Company is required to pay. For financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

Note 18: Financial Risk Management Objectives and Policies (continued)

(d) Liquidity risk (continued)

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows of non-derivative financial instruments. Trade payables and other financial liabilities mainly originate from the financing of assets used in the Company's ongoing operations such as mine development, property plant and equipment and investments in working capital (e.g. inventories and receivables).

The following table reflects all contractually fixed repayments and interest resulting from recognised financial liabilities at reporting date:

	Within 1 year $'000	1-5 years $'000	Total $'000
2015			
Trade and other payables	957	-	957
Interest loans and borrowings	19	65	84
	976	**65**	**1,041**
2014			
Trade and other payables	707	-	707
Interest loans and borrowings[1]	2,990	-	2,990
	3,698	**-**	**3,698**

(1) Excludes unsecured convertible notes equity component of $1.039 million.

(f) Price risk

Price risk arises from the investments in equity securities. The policy of the Company is to maintain exposure to equity price movements. All of the investments are publicly traded either on the ASX or other global exchanges.

At 30 September 2015, if prices of equity investments had increased/(decreased) by 10%, with all other variables held constant, post tax profit and equity would have been affected by $0.238 million/($0.238 million), (2014: $0.290 million/($0.290 million)).

Note 19: Commitments and Contingencies

Leases of plant and equipment under which the Company or its controlled entities assume substantially all the risks and benefits incidental to ownership are classified as finance leases. Other leases are classified as operating leases.

(a) Operating Leases

	2015 $'000	2014 $'000
Operating leases payable:		
Within one year	213	154
After one year but not more than five years	558	23
After more than five years	-	-
Total minimum lease payments	**771**	**177**

The operating leases comprise property leases and various equipment leases. These leases are non-cancellable with three to five year terms, with rent payable in advance. Payments made under operating leases are expensed on a straight-line basis over the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

Property leases

Rental provisions within the Australian property lease agreement require the minimum lease payments shall be increased by 3.75% per annum.

Rental provisions within the Canadian property lease agreement require the minimum lease payments shall be increased by 5% per annum. An option exists to renew the Canadian lease at the end of the five-year term for an additional term of five years.

(b) Finance leases

	2015 *Minimum lease payments* $'000	2015 *Present value of lease payments* $'000	2014 *Minimum lease payments* $'000	2014 *Present value of lease payments* $'000
Minimum finance leases payable:				
Within one year	25	25	-	-
After one year but not more than five years	26	24	-	-
Total minimum lease payments	51	49	-	-
Less amounts representing finance charges	(2)	-	-	-
Present value of minimum lease payments	**49**	**49**	**-**	**-**

Finance leases are capitalised, with a lease asset and a lease liability equal to the fair value of the leased asset or, if lower, at the present value of the minimum lease payments determined at the inception of the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability. The finance charge component within the lease payments is expensed. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company or its controlled entities will obtain ownership by the end of the lease term.

(c) Capital expenditure commitments

The Company had $nil (2014: $nil) contractual obligations at balance date.

Note 20: Auditors Remuneration

	2015 $	2014 $
The auditor of Heemskirk Consolidated Limited is Ernst & Young.		
Amounts received or due and receivable by Ernst & Young (Australia) for:		
Audit or review of the financial report of the entity and any other entity in the consolidated group	124,200	113,600
Other assurance services associated with the funding of the Moberly Project	18,000	-
Amounts received or due and receivable by Ernst & Young (Canada) for:		
Audit or review of the financial report of the entity and any other entity in the consolidated group	30,000	63,450
	172,200	**177,050**

Note 21: 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 Canada segment on a proportional basis linked to management time spent.

Canada
This segment covers operations 100% owned by the Company concerned with the mining and processing of Industrial Mineral Products, including the development of the Moberly Frac Sand Project.

Portfolio
This segment covers the investment in listed and unlisted 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 group with the exception of gains/losses on investments which are treated as segment revenue.

Non-current assets for Canada are disclosed in Notes 11, 12 and 13.

Note 21: Segment Information (continued)

Segment information provided to the executive management team for the year ended 30 September 2015 is as follows:

30 September 2015	Note	Canada $'000	Portfolio $'000	Corporate $'000	Consolidated $'000
Total segment revenue	(a)	120	(567)	151	**(296)**
Segment Operating EBITDA (1)		**(1,818)**	**(567)**	**(2,308)**	**(4,693)**
Depreciation & amortisation		(307)	-	(24)	**(331)**
Finance costs		(129)	-	(156)	**(285)**
Corporate charges		(1,059)	-	1,059	**-**
Profit/(Loss) on asset disposals		45	-	(9)	**36**
Other indirects		-	-	(22)	**(22)**
Profit/(loss) before tax		**(3,268)**	**(567)**	**(1,460)**	**(5,295)**
Income tax expense		51	-	-	**51**
Segment profit/(loss) after tax	(b)	**(3,217)**	**(567)**	**(1,460)**	**(5,244)**
Total Assets		15,755	3,402	5,938	**25,095**
Total Liabilities (2)		(13,109)	-	11,679	**(1,430)**

30 September 2014	Note	Canada $'000	Portfolio $'000	Corporate $'000	Consolidated $'000
Total segment revenue	(a)	16,707	(2,024)	531	**15,214**
Segment Operating EBITDA (1)		**196**	**(2,040)**	**(1,796)**	**(3,640)**
Depreciation & amortisation		(431)	-	(42)	**(473)**
Finance costs		(132)	-	(322)	**(454)**
Corporate charges		(579)	-	579	**-**
Profit/(Loss) on asset disposals		3,146	-	(29)	**3,117**
Other indirects		(132)	-	(11)	**(143)**
Profit/(loss) before tax		**2,068**	**(2,040)**	**(1,621)**	**(1,593)**
Income tax expense		(786)	-	-	**(786)**
Segment profit/(loss) after tax	(b)	**1,282**	**(2,040)**	**(1,621)**	**(2,379)**
Total Assets		10,077	4,144	11,564	**25,785**
Total Liabilities (2)		(4,654)	-	31	**(4,623)**

(1) Operating EBITDA is earnings before interest expense, income tax, depreciation, amortisation charges and other indirect expenses.

(2) Total Liabilities includes intercompany (payable) receivable between Canada and Corporate of $12.318 million (2014: $3.436 million).

Note 21: Segment Information (continued)

		Note	2015 $'000	2014 $'000
(a)	**Segment revenue reconciliation to statement of comprehensive income:**			
	Canada	(i)	122	337
	Corporate	(ii)	102	241
	Portfolio	(iii)	-	126
	Total Revenue from continuing operations per statement of comprehensive income		**224**	**704**
	(i) Canada			
	Canada Revenue included in revenue from continuing operations		122	337
	Other income		-	128
	Canada Revenue included in revenue from discontinued operations		-	16,467
	Other income/(expense)		(2)	(225)
	Total Segment Revenue - Canada		120	16,707
	(ii) Corporate			
	Interest received		102	241
	Corporate Revenue included in revenue from continuing operations		102	241
	Other income		49	289
	Total Segment Revenue - Corporate		151	530
	(iii) Portfolio			
	Dividends received		-	126
	Portfolio Revenue included in revenue from continuing operations		-	126
	Net gains/(losses) on equity investments		(567)	(2,150)
	Total Segment Revenue - Portfolio		(567)	(2,024)
	Total Segment Revenue		**(296)**	**15,213**
(b)	**Segment net operating profit after tax reconciliation to the statement of comprehensive income**			
	Segment profit/(loss) after tax		(5,244)	(2,379)
	Profit/(loss) after tax per statement of comprehensive income		**(5,244)**	**(2,379)**

Further information relating to discontinued operations can be found in Note 5.

Note 22: Related Party Disclosure

(a) Subsidiaries

The consolidated financial statements include the financial statements of Heemskirk Consolidated Limited ("ultimate parent") and the subsidiaries listed in the following table.

	Country of incorporation	% Equity Interest		Investment ($'000)	
		2015	2014	2015	2014
Heemskirk Technical Services Pty Ltd	Australia	100	100	-	-
HSK Staff Share Plan Pty Ltd	Australia	100	100	-	-
Heemskirk Canada Holdings Ltd	Canada	100	100	428	428
Heemskirk Canada Ltd	Canada	100	100	5,525	5,322
HCA Mountain Minerals (Lethbridge) Ltd	Canada	100	100	-	-
HCA Mountain Minerals (Moberly) Ltd	Canada	100	100	-	-
HCA Mountain Minerals (Nevada) Ltd	USA	100	100	-	-

(b) Remuneration of key management personnel

	2015 $'000	2014 $'000
Short-term employee benefits	1,005	1,401
Post-employment benefits	52	121
Share-based payment	7	-
Termination benefits	-	200
Total remuneration	**1,064**	**1,722**

(d) Other transactions with directors

On 28 July 2010 Heemskirk announced that it had been decided to terminate the Founders' Plan and settlement terms were agreed (Refer to Remuneration Report page 28). The outcome of the settlement has no net effect on shareholders' equity and no net after tax cash outflows by the Company. The reasonableness of this settlement was confirmed by an independent expert. The action had the full support of the Founders and the then Heemskirk Board.

In conjunction with the Founder's Plan settlement, loan facilities were made available to the Founders to assist with discharging any Australian taxation liability as a result of the settlement. The draw down by the Managing Director of the facility as at 30 September 2015 is $0.345 million (2014: $0.311 million). This facility is interest-bearing at market rates 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 waived or forgiven and treated as an expense. In the unlikely event of a termination for cause, the Company has recognised in the accounts a potential short fall in relation to the Managing Director of $0.196 million as at 30 September 2015 (2014: $0.130 million).

Note 23: Cash Flow Statement Reconciliation

	2015 $'000	2014 $'000
(a) Reconciliation of net profit after tax to net cash flows from operations		
Net (loss) after income tax	(5,244)	(2,379)
Non-cash items		
Depreciation, amortisation and impairments	354	616
Foreign exchange losses/(gains)	(105)	(274)
Employee benefits taken as equity	16	9
Non cash expenses (revenue)	102	(66)
Net fair value change on equity investments	519	1,928
Items presented as investing or financing activities		
Net (gains)/losses on equity investments	48	94
Net (profit)/loss on disposal of fixed assets	7	(2,607)
Changes in assets and liabilities:		
(Increase)/decrease in trade debtors	16	3,598
(Increase)/decrease in other assets	102	(4)
(Increase)/decrease in inventories	(1)	2,247
Increase/(decrease) in trade creditors	(129)	(6,492)
(Increase)/decrease in other receivables	108	63
Increase/(decrease) in accruals and provisions	26	(224)
Increase/(decrease) in income taxes payable	(783)	642
(Increase)/decrease in deferred tax assets	5	131
Increase/(decrease) in deferred taxes payable	5	(237)
Net cash from/(used in) operating activities	**(4,954)**	**(2,955)**

(b) Disclosure of financing facilities

There were no financing facilities available at 30 September 2015.

(c) Non cash financing and investing activities

Refer to Note 17.

Note 24: Parent Entity information

		2015 $'000	2014 $'000
(a)	**Income statement**		
	Profit/(loss) after income tax	(4,673)	(2,222)
	Total comprehensive income/(loss) for the year	**(4,673)**	**(2,222)**
(b)	**Balance sheet**		
	Current assets	8,899	15,784
	Non-current assets	16,136	9,348
	Total assets	25,035	25,132
	Current liabilities	485	3,157
	Non-current liabilities	2	-
	Total liabilities	487	3,157
	Net assets	**24,548**	**21,975**
	Contributed equity	88,972	82,320
	Share based payment reserve	828	236
	Retained earnings/(losses)	(65,252)	(60,579)
	Total Equity	**24,548**	**21,977**

(c) Guarantees

The Parent has guaranteed the obligations of HCA Mountain Minerals (Moberly) Ltd under the facility agreement with Taurus Funds Management. Refer to Note 11 for further details of the facility.

Note 25: Events after Balance Sheet Date

There are no matters or circumstances which have arisen since 30 September 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 years.

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 financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the consolidated entity 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 30 September 2015 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(b).

(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.

2 This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 September 2015.

On behalf of the Board

Garry Cameron
Non-Executive Chairman
Melbourne, 25 November 2015

Peter Bird
Managing Director
Melbourne, 25 November 2015

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Independent auditor's report to the members of Heemskirk Consolidated Limited

Report on the financial report

We have audited the accompanying financial report of Heemskirk Consolidated Limited, which comprises the consolidated balance sheet as at 30 September 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial *Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.

Opinion

In our opinion:

a. the financial report of Heemskirk Consolidated Limited is in accordance with the *Corporations Act 2001*, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 September 2015 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(b).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 September 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Heemskirk Consolidated Limited for the year ended 30 September 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Michael Collins
Partner
Melbourne
25 November 2015