

Investor Presentation



HEEMSKIRK
CONSOLIDATED



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Heemskirk and the Moberly Silica Project



- Heemskirk – an ASX listed resources company

Moberly Silica Project

- Located in British Columbia adjacent to the regional town of Golden, comprising of a granted mining lease and a freehold plant site
- Project designed to deliver API quality frac sand to customers predominantly in the Western Canadian Sedimentary Basin (WCSB)
- Stage 1 ungeared Net Present Value is estimated at C\$78 million and AUD 33 cps* using a Real Discount Rate of 7.5% (10.6% Nominal)



Moberly

*pre capital raise; AUD 14 cps post capital raise



- Costing of Stage 1 construction of 300,000 tpa Moberly Frac Sand Plant has been finalised, paving way to satisfaction of conditions precedent to draw down on Tranche 1 of funding package
- As announced on 15 July 2015, the funding package from Taurus Funds Management is broken into two tranches:
 - Tranche 1: US\$25m to complete the 300,000 tpa construction and production development project (Stage 1)
 - Tranche 2: US\$15m to complete an expansion of the project (Stage 2) to a 600,000 tpa production level, once phase one has been successfully completed
- Capital raising to allow sufficient funds for project execution, expansion initiatives and working capital

Capital Raising – expansion case also to be considered



The A\$10m capital raising is being undertaken due to:

1. The electrical design and procure being retendered by the lead contractor and requoted at a higher price as the initial selected subcontractor withdrew
2. The retendered electrical work also impacting the process install element of construction with respect to both cost and timeline – timeline extended from 12 to 14 months
3. Exchange rate fluctuations also impacting the estimate
4. Working capital being adjusted to cater for the timeline change
5. The conditions precedent for finance requiring full funding coverage for both capital and working capital for drawdown.

The capital estimate has increased by 14% to US\$26.6m.

The Company will also advance the engineering and design work on the Stage 2 expanded production case of 600,000 tpa – work in relation to this will take approximately 18 months.

See slides 18 and 20 for further details on application of funds

Project Metrics - Key Assumptions: Stage 1 Development

- Nameplate production output capacity – 300,000 metric tonnes
- Recoveries in appropriate frac sand product size range of approximately 75%
- Capital costs with contingencies – US\$26.6m
 - Plant construction US\$23.9m
 - Other US\$2.7m
- Funding Stage 1 – US\$25m
- Project Free Cash Flow Undiscounted annual average – C\$11.2m
- Ungearred Project Internal Rate of Return Stage 1: 33%
- Current C\$/US\$ exchange rate is 0.75

Project Metrics - Key Assumptions: Stage 1 Development

- Payback Period Stage 1: 2.9 years
- Project ungeared NPV is C\$78 million for Stage 1* and AUD 33 cps[#]
- Estimated time to completion of construction - 14 months
- Customer demand remains
- API specification frac sand product
- Defined in situ JORC Reserve is more than sufficient to satisfy current 20 year mine plan
- Appropriate permits in place
- The Project has an estimated terminal value of up to \$360 million[^] assuming Stage 1 construction only

*Using a Real Discount Rate of 7.5% (10.6% Nominal). The discount rate has been recently reviewed with the real WACC calculated at 6.37% and hence the chosen discount rate of 7.5% is regarded as being conservative. The Project model was independently audited by EY with no material issue identified in model structure or inputs.

Pre capital raise, AUD 14 cps post capital raise

[^] Depending on valuation method used



Moberly JORC Resource

- Is large – 37.5 million tonnes with estimated 70% frac sand recovery and is open in several directions*

Resource Category	Dry tonnes 30 mesh to 140 mesh frac sand
Measured^	12.5 million tonnes @ 70% frac sand
Indicated^	25.0 million tonnes @70% frac sand
Total Measured + Indicated^	37.5 million tonnes @70% frac sand

^ Mineral Resources for frac sand include that proportion modified to produce Ore Reserves of frac sand

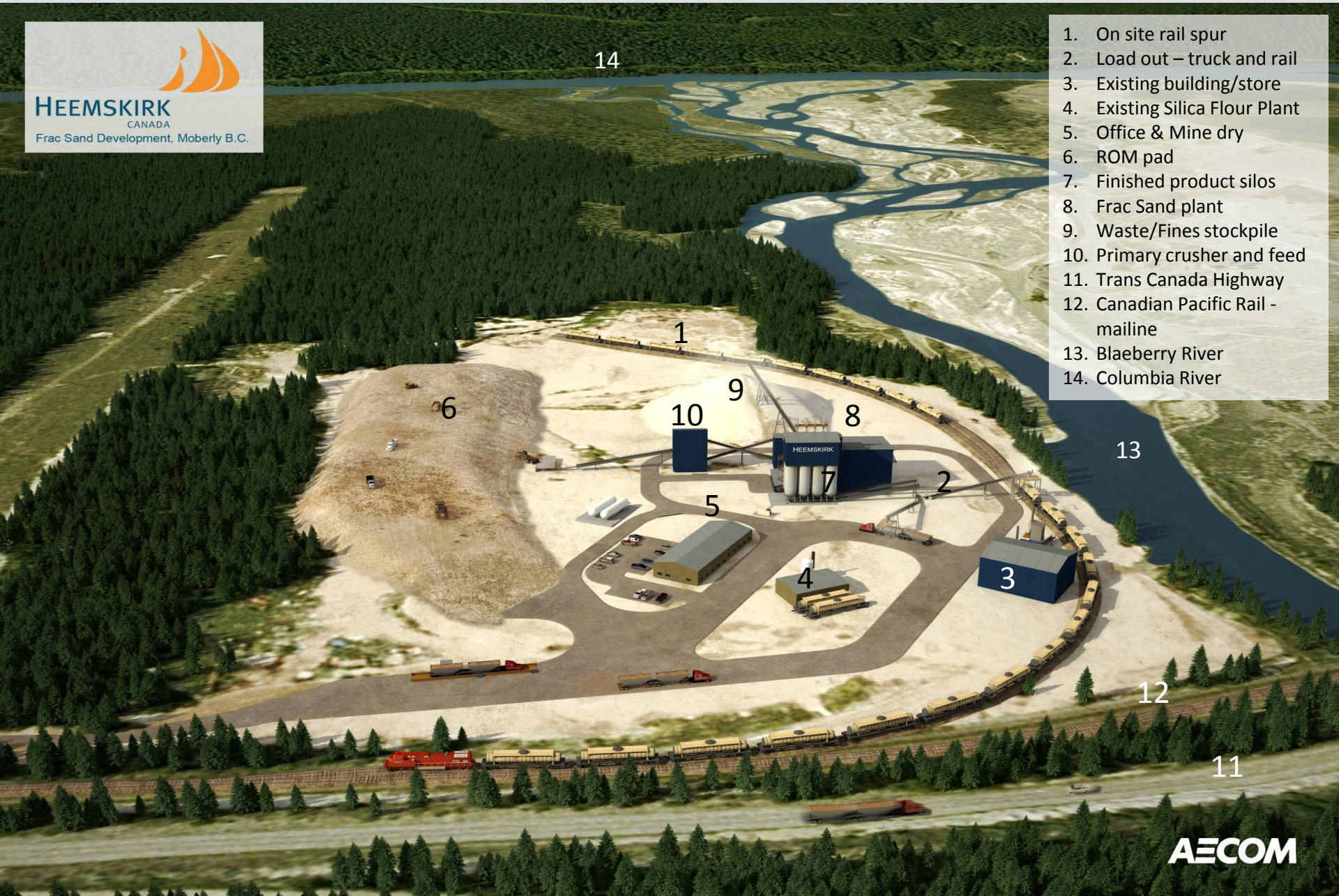
- Production @ 300,000 tpa frac sand would suggest +60 years of mine life if complete conversion to reserves, expanded pit engineering and permitting was achieved
- If production was expanded, 600,000 tpa frac sand would suggest +30 years of mine life again, with hurdles achieved

* See Reserves and Resources announced on 15 December 2015. The information in this presentation that relates to the Moberly Resource estimate is extracted from the report entitled “Annual Statutory Update of Resources and Reserves” which was based on information compiled by Malcolm Ward, (Bsc (Hons), MSc (Queens) who is a member of the Australasian Institute of Mining and Metallurgy and released to the market on 15 December 2015 and is available to view on the Company’s website, www.heemskirk.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in this market announcement , and in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed, except that with new equipment now to be used in the plant, recoveries are expected to be in the order of 75% based on test work. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

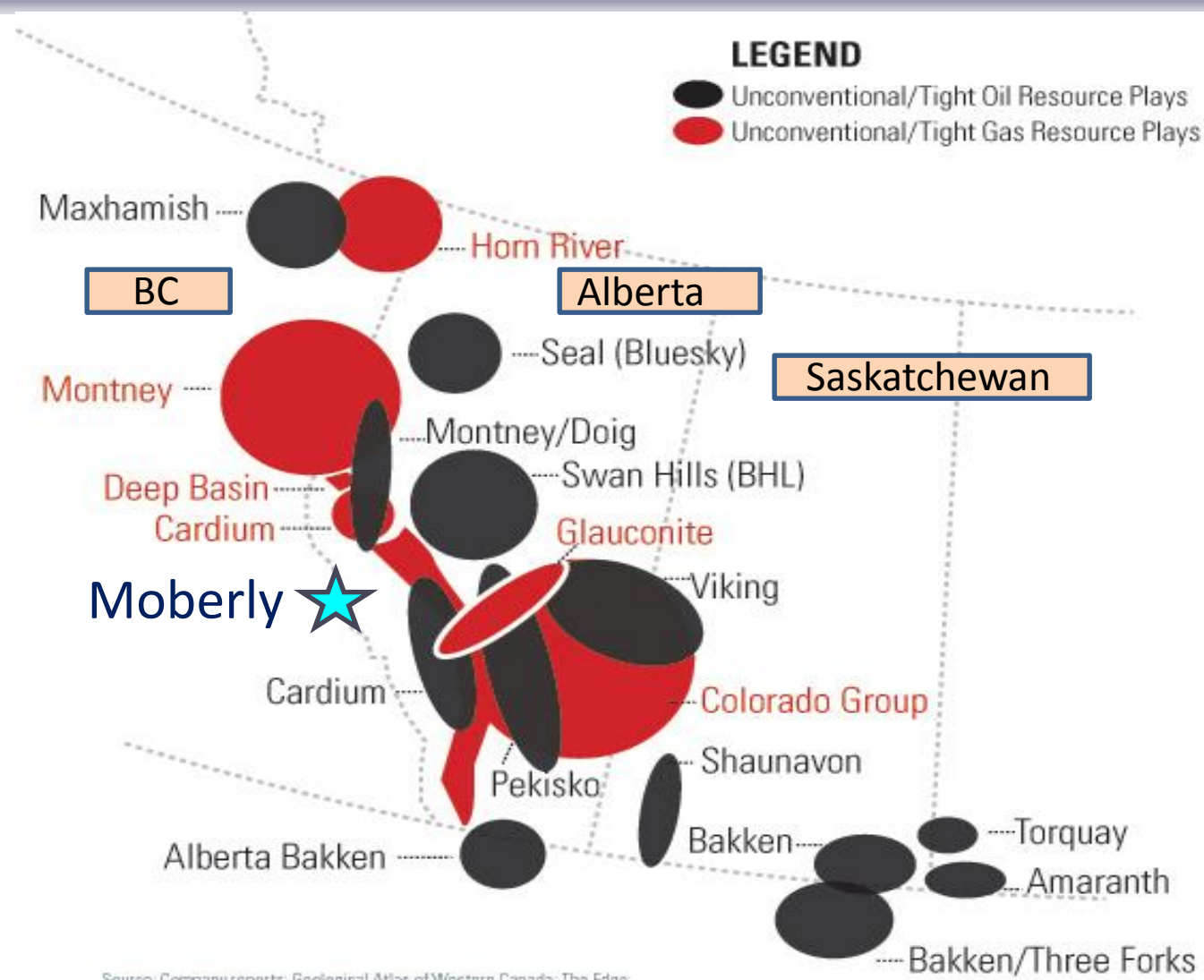
Proposed layout - Moberly plant site



- 1. On site rail spur
- 2. Load out – truck and rail
- 3. Existing building/store
- 4. Existing Silica Flour Plant
- 5. Office & Mine dry
- 6. ROM pad
- 7. Finished product silos
- 8. Frac Sand plant
- 9. Waste/Fines stockpile
- 10. Primary crusher and feed
- 11. Trans Canada Highway
- 12. Canadian Pacific Rail - mainline
- 13. Blaeberry River
- 14. Columbia River



Moberly – favourable logistics

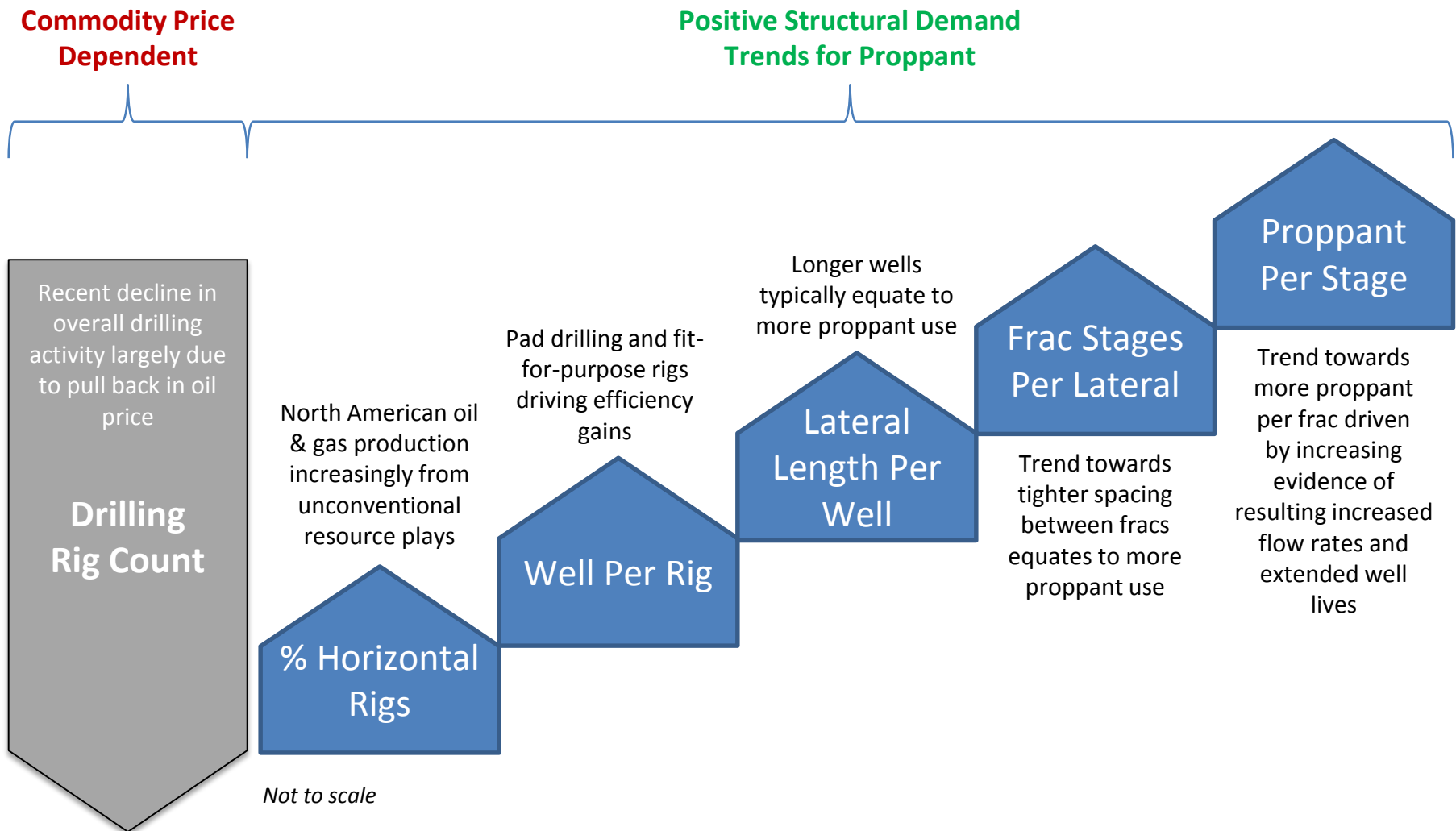


Source: Company reports; Geological Atlas of Western Canada; The Edge; Canadian Discovery Digest; CIBC World Markets Inc.



- Wells drilled still require stimulation (hydraulic fracturing) even if the well is intended to be shut in after completion
- Shut in wells are wells that can be brought into production quickly when prices recover or when additional production is required to meet contracted commitments
- The current trend in new well completions has been to use more sand than in the past
- We expect the usage of sand to increase per stage in completions over the next 12 months.
- Annual volumes year on year 2015 to 2016 are expected to be flat in Canada

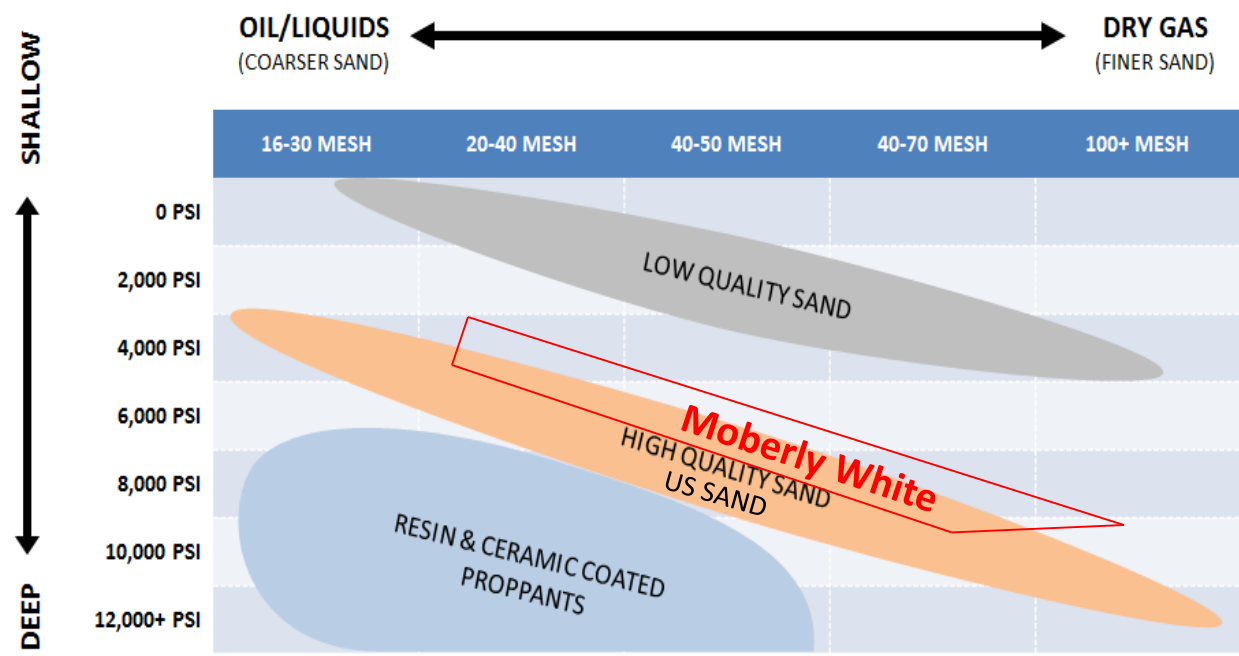
Proppant demand trends



Lower oil price environment but more proppant use

Source: Industry charts

Proppant quality and strength matrix

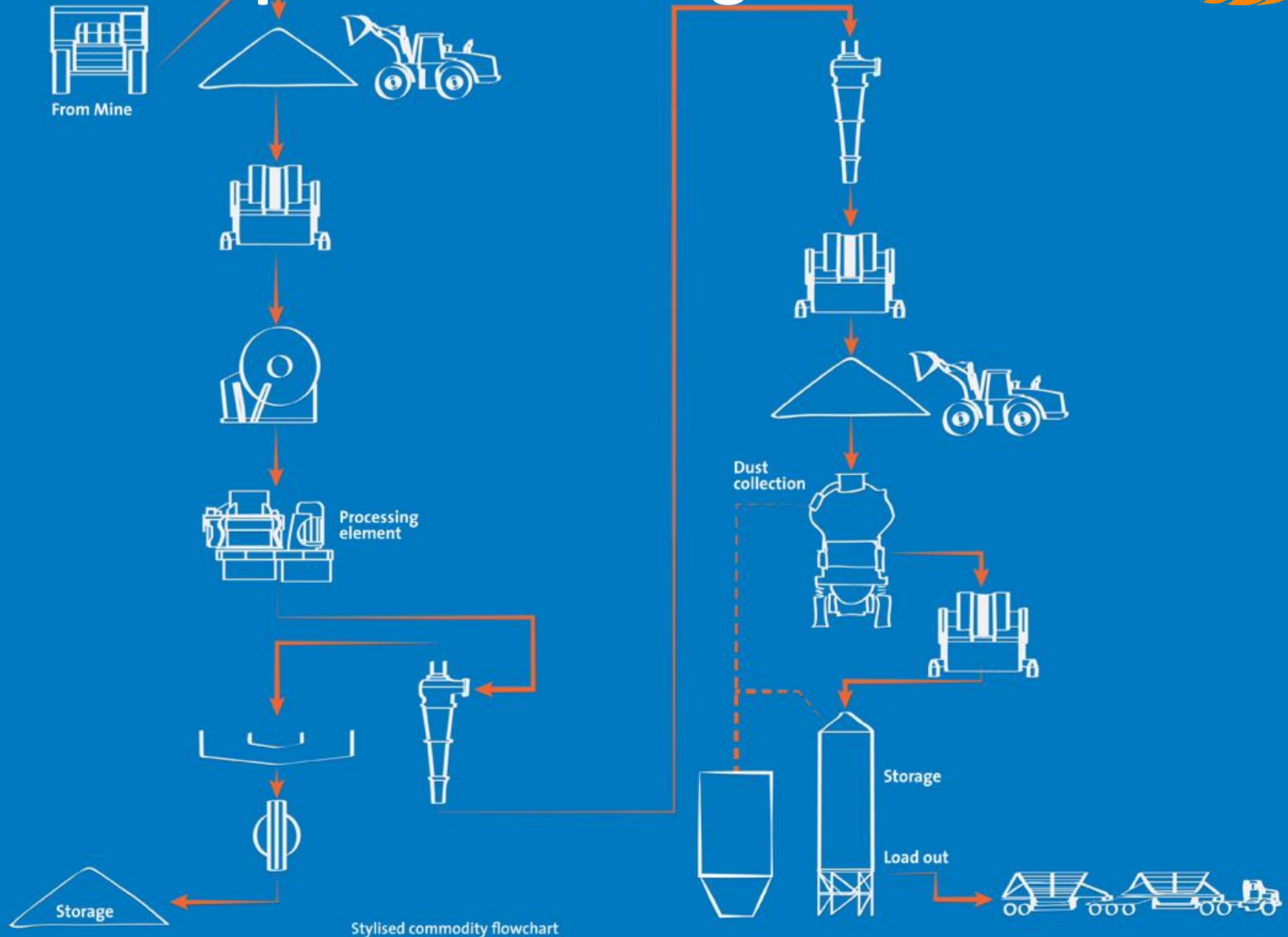


Moberly quality is high with broad oil and gas application



- The Moberly Stage 1 Project is estimated to represent slightly less than 10% of regional consumption
- Mount Moberly White Frac Sand meets all API parameters and meets customer technical approvals within the region

Corporate Funding Initiatives





- Independent, Sydney based global fund manager
- Clients include institutional and high net worth (wholesale) investors
- Specialises in investment products based on the mined commodities industry
- Team of geologists, mining engineers, mining financiers, metallurgists and portfolio managers provides the skills and experience for successful investing
- Founded in 2006 and first private equity fund commenced in July 2007
- Taurus intends to nominate an independent Non Executive Director to the Heemskirk Board

Corporate funding overview in detail



Debt Funding Package	<ul style="list-style-type: none">As announced on 15 July 2015, Taurus Funds Management have provided a US\$40m secured debt funding package in two tranches: Tranche 1 - US\$25m to complete the 300,000 tpa construction and production development project (stage one) Tranche 2 - US\$15m to complete an expansion of the project to a 600,000 tpa production level (stage two)
Project Cost Metrics	<ul style="list-style-type: none">The capital costs associated with the project have increased by 14% primarily due to exchange rate variations and an increase in electrical component costings with more appropriate component cost incorporated into the design. The assumption of a 14 month timeline has seen an adjustment in working capitalTo ensure the Company can demonstrate that the project is fully funded before a drawdown can be made, the Company will complete a fully underwritten A\$10 million rights issue
Rights Issue details	<ul style="list-style-type: none">Fully underwritten 10-for-7 Rights Issue to raise A\$10 millionThe Rights Issue price of A\$0.03 per share ("Rights Issue Price")Shareholder shortfall facility available to shareholders to increase percentage holdingThe shortfall of rights not taken up will be placed to underwriters at the Rights Issue PriceThe funds raised from the rights issue will be applied towards the development of the Moberly Project including all supporting business activities and to initiate both engineering and capital design work on the Stage 2 expansion of 600,000 tpa and the additional capital and working capital costs associated with the construction of the Project.

Entitlement Offer – indicative timeline



Event	Date
Announcement of Rights Issue	15 Dec 2015
Dispatch of notices to shareholders informing of Rights Issue	16 Dec 2015
Ex date	17 Dec 2015
Rights trading commences	17 Dec 2015
Record date	21 Dec 2015
Offer Document and Entitlement & Acceptance form dispatched to shareholders	23 Dec 2015
Rights trading ends	8 Jan 2016
Closing date for Entitlement offer acceptances	15 Jan 2016
The Company to notify the Underwriter of any shortfall to be taken up	15 Jan 2016
ASX notified of undersubscriptions	20 Jan 2016
Dispatch of New Share transaction confirmation statements	22 Jan 2016



Sources and uses summary

Sources of funds	A\$m	US\$m	Uses of funds	A\$m	US\$m
Cash and Portfolio Investments (30 November 2015)	6.8	4.8	Moberly Project construction contract	33.2	23.9
Rights Issue	10.0	7.2	Moberly Project other capex*	3.7	2.7
Taurus Facility (stage 1)	34.7	25.0	Working capital funding^	8.2	5.9
			Cash on balance sheet#	6.4	4.5
Total sources of capital	51.5	37.0	Total uses of capital	51.5	37.0

* costs associated with mine haul road construction, engineering and insurances

^ includes mining and hauling costs

to fund working capital requirements beyond commissioning of Stage 1 of the plant and to advance the engineering design work on Stage 2 expanded production case of 600,000tpa

Pro Forma Balance Sheet



	30 Sep 2015 ⁽¹⁾	30 Nov 2015 ⁽²⁾	Ref Rights Issue	Pro Forma ⁽³⁾
	\$'000	\$'000		\$'000
ASSETS				
Current assets				
Cash and cash equivalents	5,974	5,220	(3),(4)	8,980
Trade and other receivables	263	203		
Inventories	1,398	1,362		
Other financial assets	3,402	1,629		
Other current assets	235	128		
Total current assets	11,272	8,542		17,523
Non-current assets				
Property, plant and equipment	4,380	4,230		
Exploration, evaluation and mine development	7,461	7,463		
Deferred tax assets	7	7		
Other non current assets	1,974	1,929		
Total non-current assets	13,821	13,629		13,629
TOTAL ASSETS	25,093	22,170		31,151
LIABILITIES				
Current liabilities				
Trade and other payables	957	959		
Interest bearing loans and borrowings	19	19		
Provisions	285	293		
Total current liabilities	1,261	1,270		1,271
Non-current liabilities				
Deferred tax liabilities	63	61		
Interest bearing loans and borrowings	65	61		
Provisions	40	39		
Total non-current liabilities	167	161		161
TOTAL LIABILITIES	1,428	1,432		1,433
NET ASSETS	23,665	20,739		29,719
EQUITY				
Contributed equity	87,836	87,836	(3),(4)	9,700
Reserves	1,984	1,644		
Retained earnings/(losses)	(66,155)	(68,741)	(720)	(69,461)
TOTAL EQUITY	23,665	20,739		29,719
Total no. of ordinary shares on issue	231,598,071	231,598,071		562,452,458
Net tangible assets per share (cents per share)	10.22	8.95		5.28

Reference:

1. Based on audited financial statements
2. Management review as at 30 November 2015
3. Pro Forma Balance Sheet immediately post Rights Issue
3. Expenses of the Rights issue are estimated at \$0.300 million. These expenses are written off against the Contributed Equity Account.
4. Includes working capital until January 2016.

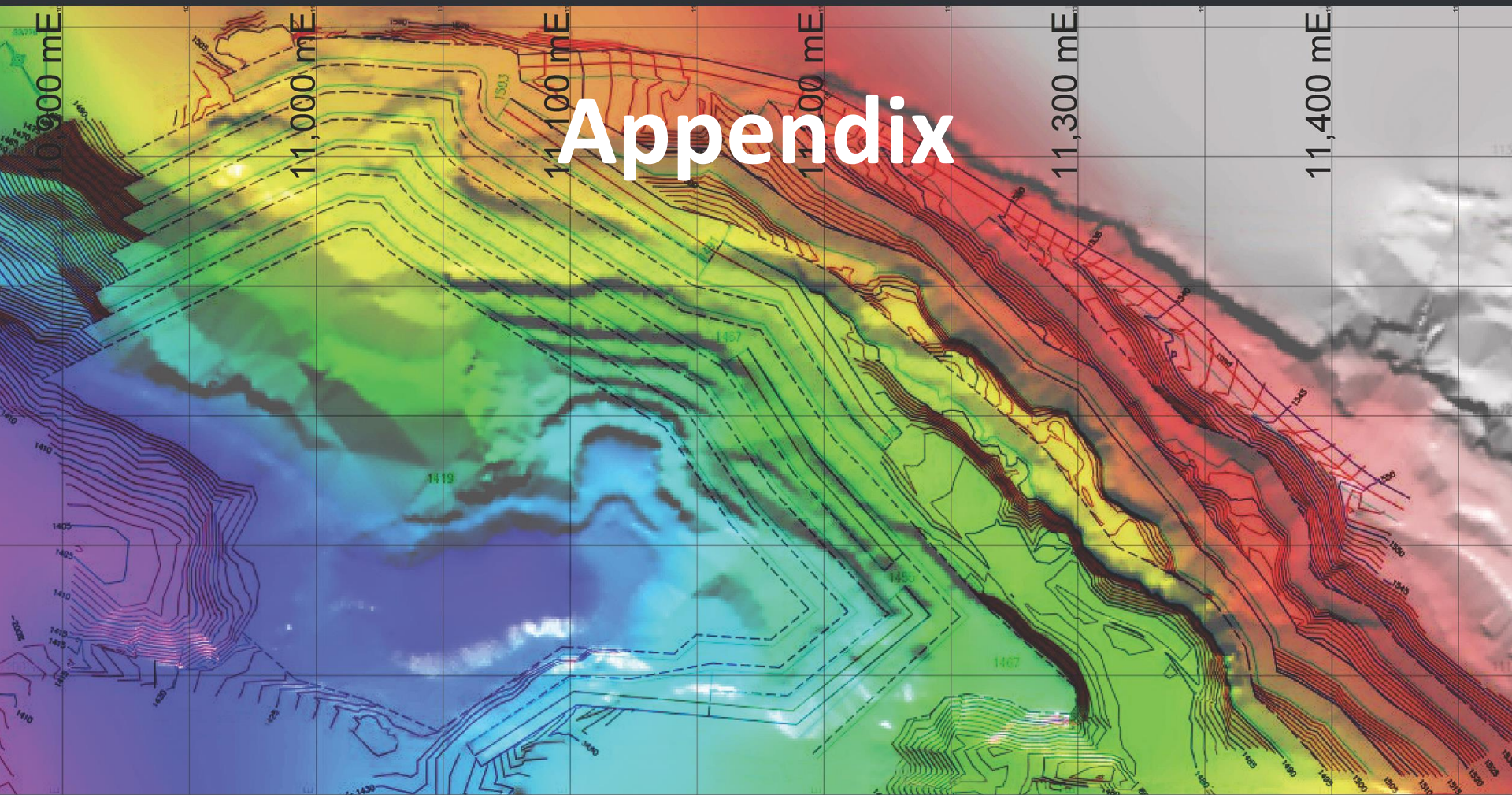


As with any stock market investment, there are various risks associated with investing in Heemskirk including:

Key Risks	
Production and cost estimates	Ore reserves and mineral resources
Geological and geotechnical	Foreign exchange
Regulatory	Weather and climactic conditions
Insurance	Environmental
Project completion	Debt funding
Dilution	Underwriting
Dividends	Share market conditions



- Rights Issue enables Stage 1 build to be completed - Short build time Project
- Project high value with very favourable logistics
- Located in a first world country
- Quality product (API standard)
- Unique Canadian project located within the market environs of the WCSB
- Simple, scaleable, saleable



Appendix

Key Risks



As with any stock market investment, there are various risks associated with investing in Heemskirk including:

- Existing business and operational risks for Heemskirk
- Risks specific to Heemskirk's Moberly Frac Project
- Potential investors should consider whether the securities offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. Heemskirk has implemented appropriate strategies, actions, systems and safeguards for known risks; however, some are outside the Company's control.
- While some common risk factors are set out below, it is not possible to produce an exhaustive list. The Directors of Heemskirk recommend that potential investors consult their professional advisers before making any investment decisions.



Production and cost estimates

- The ability of Heemskirk to achieve production targets, or meet operating and capital expenditure estimates on a timely basis cannot be assured. The assets of Heemskirk are subject to uncertainty with ore tonnes, grade, metallurgical recovery, ground conditions, operational environment, funding for development, regulatory changes, accidents and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment.
- Heemskirk prepares estimates of future production, cash costs and capital costs of production for its operation. No assurance can be given that such estimates will be achieved. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on Heemskirk's future cash flows, profitability, results of operations and financial condition.
- Costs of production may also be affected by a variety of factors, including: changing waste-to-ore ratios, product recoveries, labour costs, general inflationary pressures and currency exchange rates.
- Unforeseen production cost increases could result in Heemskirk not realising its development plans or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on Heemskirk's financial and operational performance.



Ore Reserves and Mineral Resources

- Heemskirk's Ore Reserves and Mineral Resources are expressions or judgements based on industry practice, experience and knowledge and are estimates only. Estimates of Ore Reserves and Mineral Resources are necessarily imprecise and depend to some extent on interpretations which may prove inaccurate. No assurance can be given that the estimated reserves and resources are accurate or that the indicated level of silica or any other mineral will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralisation or geological conditions may be different from those predicted. No assurance can be given that any or all of Heemskirk's Mineral Resources constitute or will be converted into reserves.
- Market price fluctuations of frac sand as well as increased production and capital costs may render Heemskirk's Ore Reserves unprofitable to develop at a particular site or sites for periods of time or may render mineral reserves containing relatively lower grade mineralisation uneconomic. Estimated reserves may have to be recalculated based on actual production experience. Any of these factors may require Heemskirk to reduce its mineral reserves and resources, which could have a negative impact on Heemskirk's financial results and the expected operating life of its mines.
- Actual Ore Reserves and Mineral Resources may differ from those estimated, which could have a positive or negative effect on Heemskirk's financial performance.

Replacement of depleted Ore Reserves

- Heemskirk must continually replace reserves depleted by production to maintain production levels over the long term. Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. Exploration is highly speculative in nature. Heemskirk's exploration projects involve many risks and are frequently unsuccessful. There is no assurance that current or future exploration programs will be successful. Also, if a discovery is made, it may take several years from the initial phases of drilling until production is possible.
- There is a risk that depletion of reserves will not be offset by discoveries or acquisitions or that divestitures of assets will lead to a lower reserve base. The reserve base of Heemskirk may decline if reserves are mined without adequate replacement and Heemskirk may not be able to sustain production beyond the current mine lives, based on current production rates.



Geological and Geotechnical

- There is a risk that unforeseen geological and geotechnical difficulties may be encountered when developing and mining Ore Reserves, such as unusual or unexpected geological conditions, pit wall failures, rock bursts, seismicity and cave-ins. In any of these events, a loss of revenue may be caused due to the lower than expected production and/or higher than anticipated operation and maintenance costs and/or on-going unplanned capital expenditure in order to meet production targets.

Foreign Exchange Risk

- Heemskirk is an Australian business that reports in Australian dollars. Heemskirk's revenue is derived from the sale of frac sand in Canadian dollars and funding for the Moberly Project is received in US dollars. Costs are mainly incurred by the businesses in both Australian and Canadian dollars therefore events in the CAD/USD, CAD/AUD and AUD/USD exchange rates may adversely or beneficially affect Heemskirk's results of operations and cash flows. The risks associated with such fluctuations and volatility may be minimised by any currency hedging Heemskirk may undertake although there is no assurance as to the efficacy of such currency hedging.

Regulatory Risk

- The operations of Heemskirk are subject to various Federal, State and local laws and plans including those relating to mining, prospecting, development, permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, land access, mine safety and occupational health.
- Approvals, licences and permits required to comply with such rules may, in some instances, be subject to the discretion of the applicable government or government officials, and, in some cases, the local community. No assurance can be given that Heemskirk will be successful in obtaining any or all of the various approvals, licences and permits or maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a timely manner or at all, Heemskirk may be curtailed or prohibited from continuing or proceeding with production and exploration.



Weather and climactic conditions

- Heemskirk's sites and operations are subject annual weather seasonality which, from time to time, may result in delays or loss of production.

Insurance risk

- Heemskirk maintains insurance coverage as determined appropriate by its board and management, but no assurance can be given that Heemskirk will continue to be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover all claims.

Environmental risk

- Mining and exploration can be potentially environmentally hazardous, giving rise to potentially substantial costs for environmental rehabilitation, damage control and losses. Heemskirk is subject to environmental laws and regulations in connection with its operations and could be subject to liability due to risks inherent in its activities, including unforeseen circumstances.



Hydraulic Fracturing

Due to significant public debate surrounding the environmental impacts of hydraulic fracturing, the industry is subject to substantial public and regulatory scrutiny and to rigorous public environmental approval and monitoring processes. The implementation of future regulations and approval processes may impact the market for frac sand products supplied by Heemskirk.

Industry Risk

International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas may have a material adverse effect on the Company's business, financial condition and results of operations.



Completion risk

- There is no certainty that the project will complete.

Construction risks

- Completion of the Moberly Frac Project involves a number of typical construction risks including the failure to obtain necessary approvals, employee or equipment shortages, higher than budgeted construction costs, insolvency events and project delays, which may impact the commerciality and economics of the project.
- There are also risks associated with ensuring contractors and subcontractors perform their contractual obligations to the Company and do not withdraw from their contractual arrangements.

Debt funding risk

- Heemskirk has entered into financing commitments pursuant to which financiers have agreed to provide debt financing for the Moberly Frac Project construction on certain terms and conditions. If certain events occur (e.g. insolvency, compliance with bank covenants etc.), the financiers may terminate the debt financing agreement. Termination of the debt financing agreement would have an adverse impact on Heemskirk's sources of funding for the Moberly Frac Project. The financiers have obtained security interests over Heemskirk's assets to secure the funding, there is a risk that the financiers could enforce this security if Heemskirk defaults on its debt funding arrangement.

Dilution risk

- The rights issue is fully underwritten and available to all shareholders. Shareholders who do not accept their Entitlement Offer will have their Heemskirk shareholding diluted.

Liquidity risk

- The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realise their investment.



Underwriting risk

- Heemskirk has entered into an underwriting agreement under which the Underwriter has agreed to fully underwrite the Entitlement Offer, subject to the terms and conditions of the Underwriting Agreement between the parties.
- If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the Underwriting Agreement. In these circumstances Heemskirk would need to find alternative funding to meet its ongoing business operating requirements. Termination of the Underwriting Agreement could materially adversely affect Heemskirk's business, cash flow, financial condition and results of operations.



Underwriting risk cont.

There are certain events which may occur which trigger termination of the Underwriting Agreement. These termination events include where:

- The documentation for the Entitlement Offer or any aspect of the Entitlement Offer does not comply with the Corporations Act, ASX Listing Rules, the ASX Waivers or any other applicable law;
- A member of the Heemskirk Group breaches or defaults under any provision, undertaking, covenant or ratio of a material debt or financial arrangement or any related documentation which has an adverse effect on the Heemskirk Group;
- There is a material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the assets, liabilities, earnings, business (including the revocation or suspension of any authorisation or licence from a Government authority required to effect the Company's activities), results of operations, management or prospects of the Company from that described in the Offer Document; or
- A circumstance arises after lodgement of the Offer Document that results in the Company either repaying the money received from applicants or offering applicants an opportunity to withdraw their applications for New Shares and be repaid their Application Money;

Dividends

- Any future determination as to the payment of dividends by Heemskirk will be at the discretion of the Directors and will depend on the financial condition of Heemskirk, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the future payment of dividends or franking credits attaching to dividends can be given by Heemskirk.



Share market conditions

Share market conditions may affect the value of Heemskirk's quoted shares regardless of Heemskirk's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither Heemskirk nor the Directors warrant the future performance of Heemskirk or any return on an investment in Heemskirk.

Key terms of secured debt funding package



1. Up to US\$40m funding in two tranches
2. Interest Rate – 10% per annum, including any capitalised interest
3. Arrangement Fee – 2% of Facility amount (settled by the issue of shares in HSK in July 2015)
4. Commitment Fee – 2% on undrawn amounts at each phase
5. Issue of up to 25 million options:
 - 8.7 million options issued and exercised in July 2015 on signing of the Loan Facility Agreement
 - the balance will be issued pro rata for amounts drawn
 - Options strike price calculated at a 25% premium to the 10 day VWAP prior to date of signing the Facility (A\$0.0878)
6. 2% Gross Revenue Royalty, ex Plant Price
7. Maturity date 31 August 2020, plus 12 month extension option