Appendix 4D

Heemskirk Consolidated Limited
ABN 18 106 720 138

Half Year Report

Results for announcement to the market

For the six months ended 31 March 2016
(previous corresponding period six months ended 31 March 2015)

Revenue and Net Profit/Loss

			2015 $'000	2016 $'000
Revenue from ordinary activities	Down	29%	143	102
Loss after tax attributable to members	Down	18%	2,441	2,002

Net Tangible Assets Per Share

	2015	2016
Net tangible asset backing per share (cents per share)	11.73	5.41

Dividends
The Directors have determined that there will be no interim dividend for the half year ended 31 March 2016.

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

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

Heemskirk Consolidated Limited
ASX: 'HSK'

Half Year Report
For the six months ended 31 March 2016

Heemskirk Consolidated Limited
ABN 18 106 720 138
Level 17
303 Collins Street
Melbourne VIC 3000

T: +61 3 9614 0666
F: +61 3 9614 4466

E: hsk@heemskirk.com
W: www.heemskirk.com

Directors' report
For the six months ended 31 March 2016

The Directors present their report together with the consolidated financial report of the Heemskirk Consolidated Group, comprising the Company and its controlled entities for the six months ended 31 March 2016 ("the period").

Directors

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

Garry Cameron, Non-Executive Chairman
Peter Bird, Managing Director (retired 30 April 2016)
John Taylor, Non-Executive Director
Peter Maxwell John McKenna, Non-Executive Director (appointed 23 March 2016)

Principal Activities

The Company's principal activities during the period were the development the Moberly Frac Sand Project ("the Project") and resource equity investments.

Operating and financial results

The loss after income tax for the six months ended 31 March 2016 was $2.002 million (31 March 2015: $2.441 million). Included in the results for the six months ended 31 March 2016 is an unrealised loss on equity investments of $1.670 million mainly relating to the Almonty Industries Inc. holdings offset by an unrealised gain of $1.600 million on foreign currency forward contracts.

The net assets of the Group increased from $23.665 million to $30.459 million. The increase reflected the January 2016 capital raising offset by cash expenditure in the last six months.

Review of Operations

In the six months to 31 March 2016, the Company has significantly advanced the development of the Project including:

- finalisation of construction costs associated with the development of Stage 1 of the Project;
- raising $9.926 million via a fully underwritten 10 for 7 Rights Issue;
- satisfaction of the conditions precedent in relation to the Stage 1 drawdown of the debt facility;
- execution of the construction contract with Maple Reinders Inc. ("the General Contractor"); and
- the appointment of new Non-Executive Director

Corporate

In January 2016, the Company completed a $9.926 million capital raise via a fully underwritten 10 for 7 Renounceable Rights Issue at $0.03 per share to address the variation in the Project construction capital estimate, conditions precedent to the Stage 1 drawdown of the debt facility and working capital needs. The funds raised will also be used to advance the evaluation, engineering and design work for the Stage 2 expansion case of the Project.

The completion of the capital raise satisfied all conditions precedent associated with Stage 1 drawdown of the USD40.0 million debt facility with Taurus Funds Management Limited. This has allowed the release of USD25.0 million for the construction of the Stage One 300,000 tonnes per annum Moberly plant and ancillary infrastructure. No amounts had been drawn under the facility at 31 March 2016.

Moberly Frac Project ("the Project")

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[1].

In February 2016, the construction contract was executed for the construction of the Moberly plant. The General Contractor mobilised and work began on site towards the end of February 2016. Excavation, backfill work, steel fabrication has commenced both on and off site and orders have been placed for long lead equipment items. Construction is scheduled over 14 months with the target of commissioning expected to be complete by the end of May 2017.

Discussions are underway with the mine haul road contractor and it is expected that work on the mine haul road will commence over the coming months subject to weather conditions and access to the mine.

Reserves and Resources Update

As announced on 15 December 2015, the strike extent of published Resources has been increased by 150 metres and published Reserves by 50 metres. This has increased the tonnages of silica for frac sand or, alternatively, glass making sand.

The reason for the increased strike extent in Resources is largely historical. When the Competent Person initially began estimating silica Resources and Reserves at Moberly, the future of the western 50 metre and eastern 100 metre extents of the resource was uncertain – vegetation regrowth was progressing and there were adequate resources in the smaller area given the production rates. With the increased tonnages required for the frac plant, and greater certainty of the most recent Mine Plan, the increased resources have been brought back into the published figures.

Business strategy and industry outlook

The Company's objective is to create shareholder value through the development of well-selected resource industry opportunities.

Our focus in the next 12 months is to complete efficiently the construction and commissioning of the Project with first production to occur by the second quarter of 2017.

More broadly, our strategy is to be a leading niche player in industrial minerals and precious metals, including being a dominant quality domestic Canadian Frac Sand Producer.

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.

[1] The Company and previous owners have operated Moberly as a quality screened sand operation for over 30 years.

Subsequent events

Subsequent to the end of the period, the Group drew down USD5.0 million with Taurus Funds Management. Under the terms of the debt facility, 1.576 million options vested on draw down. A remaining 11.033 million options will vest pro rata for amounts drawn. The strike price of the options is $0.0878.

On 14 April 2016, the Company announced the appointment of Mr Mark Connors, the President of Heemskirk Canada Limited, as Acting Chief Executive Officer and the retirement of Mr Peter Bird as Managing Director. The retirement was effective 30 April 2016 and a redundancy payment of $0.450 million was paid in May 2016.

There are no other significant subsequent events occurring after balance date.

Auditor Independence Declaration

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

Signed in accordance with a resolution of the Directors

Garry Cameron
Non-Executive Chairman

John Taylor
Non-Executive Director

Melbourne
25 May 2016

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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

As lead auditor for the review of Heemskirk Consolidated Limited for the half-year ended 31 March 2016, I declare to the best of my knowledge and belief, there have been:

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

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

In relation to our review of the financial report of Heemskirk Consolidated Limited for the half-year ended 31 March 2016, 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.

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

Ernst & Young

Ernst & Young

Michael Collins
Partner
25 May 2016

Interim consolidated statement of comprehensive income

For the six months ended 31 March 2016

	Notes	For the 6 months ended 31 Mar 2016 $'000	31 Mar 2015 $'000
Revenue		102	143
Cost of sales		-	(48)
Gross profit		**102**	**95**
Loss on sale of investments		-	(13)
Fair value loss on equity investments	*4*	(1,670)	(242)
Net loss on equity investments		(1,670)	(255)
Other income	*6*	1,633	66
Total other expenses		**(37)**	**(188)**
Depreciation and amortisation expense		(174)	(163)
Employee benefits expense		(1,051)	(1,065)
Corporate costs		(412)	(552)
Consultants and advisory expense		(453)	(452)
Finance costs		(3)	(173)
Loss before income tax		**(2,028)**	**(2,505)**
Income tax benefit		26	64
Loss after income tax		**(2,002)**	**(2,441)**
Other comprehensive income:			
Items that will be subsequently reclassified to the income statement:			
Foreign currency translation		(886)	80
Items that will not be subsequently reclassified to profit or loss:			
Asset revaluation		(16)	(1)
Other comprehensive income/(loss) for the period, net of tax		**(902)**	**79**
Total comprehensive income/(loss) for the period		**(2,904)**	**(2,362)**
Earnings per share on profit/(loss)			
Basic earnings per share (cents)		(0.74)	(1.58)
Diluted earnings per share (cents)		(0.74)	(1.58)

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

Interim consolidated balance sheet

As at 31 March 2016

	Notes	31 Mar 2016 $'000	30 Sep 2015 $'000
Assets			
Current assets			
Cash and cash equivalents		12,561	5,974
Trade and other receivables		206	263
Inventories		1,314	1,398
Other financial assets	*4*	1,732	3,402
Derivative financial instruments	*6*	1,600	-
Other current assets		107	236
		17,520	**11,273**
Non-current assets			
Property, plant and equipment	*11*	4,426	4,380
Mine development	*12*	9,960	7,461
Deferred tax assets		19	7
Other non current assets		1,978	1,974
		16,383	**13,822**
Total assets		**33,903**	**25,095**
Liabilities			
Current liabilities			
Trade and other payables	*9*	2,558	957
Interest bearing loans and borrowings	*13*	165	19
Provisions		307	286
		3,030	**1,262**
Non-current liabilities			
Deferred tax liabilities		41	63
Interest bearing loans and borrowings	*13*	335	65
Provisions		38	40
		414	**168**
Total liabilities		**3,444**	**1,430**
Net assets		**30,459**	**23,665**
Equity			
Contributed equity	*7*	97,532	87,836
Reserves		1,084	1,984
Retained earnings/(losses)		(68,157)	(66,155)
Total equity		**30,459**	**23,665**

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

Interim consolidated statement of changes in equity

For the six months ended 31 March 2016

	Issued capital $'000	Retained earnings $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Share based payment reserve $'000	Total Equity $'000
As at 1 October 2014	**81,184**	**(60,911)**	**270**	**384**	**235**	**21,162**
Loss for the period	-	(2,441)	-	-	-	(2,441)
Other comprehensive income	-	-	(1)	80	-	79
Total comprehensive income	**-**	**(2,441)**	**(1)**	**80**	**-**	**(2,362)**
At 31 March 2015	**81,184**	**(63,352)**	**269**	**464**	**235**	**18,800**

	Issued capital $'000	Retained earnings $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Share based payment reserve $'000	Total Equity $'000
As at 1 October 2015	**87,836**	**(66,155)**	**277**	**879**	**828**	**23,665**
Loss for the period	-	(2,002)	-	-	-	(2,002)
Other comprehensive income	-	-	(16)	(886)	-	(902)
Total comprehensive income	**-**	**(2,002)**	**(16)**	**(886)**	**-**	**(2,904)**
Transactions with owners in their capacity as owners:						
Issue of share capital	9,926	-	-	-	-	9,926
Transaction costs	(230)	-	-	-	-	(230)
Employee share based payments	-	-	-	-	2	2
At 31 March 2016	**97,532**	**(68,157)**	**261**	**(7)**	**830**	**30,459**

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

Interim consolidated statement of cash flows

for the six months ended 31 March 2016

	Notes	For the 6 months ended 31 Mar 2016 $'000	31 Mar 2015 $'000
Operating activities			
Receipts from customers		39	54
Payments to suppliers and employees		(1,953)	(2,266)
Interest received		72	76
Income tax received/(paid)		-	(756)
Finance costs paid		-	(306)
Net cash flows used in operating activities		**(1,842)**	**(3,198)**
Investing activities			
Proceeds from the sale of equity investments		-	29
Proceeds from the sale of property, plant and equipment		14	15
Purchases of property, plant and equipment		(64)	(1,162)
Exploration, evaluation and mine development expenditure		(761)	(715)
Net cash flows used in investing activities		**(811)**	**(1,833)**
Financing activities			
Proceeds from issue of share capital, net of transaction costs		9,696	-
Convertible notes redemption/buy back		-	(2,739)
Borrowing costs paid		(366)	-
Net cash flows from/(used in) financing activities		**9,330**	**(2,739)**
Net increase/(decrease) in cash and cash equivalents		6,677	(7,770)
Cash and cash equivalents at beginning of period		5,974	12,101
Net foreign exchange differences		(90)	25
Cash and cash equivalents at end of period		**12,561**	**4,356**

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

1. Corporate Information

The condensed consolidated interim financial statements of Heemskirk Consolidated Limited and its subsidiaries (collectively, the Group) for the six months ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 25 May 2016.

Heemskirk Consolidated Limited (the Company) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group's principal activities are mining, development and processing of industrial minerals and resource equity investments.

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

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 31 March 2016 has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The condensed consolidated interim financial statements does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 September 2015.

It is also recommended that the condensed consolidated interim financial statements be considered together with any public announcements made by Heemskirk Consolidated Limited and its controlled entities during the six months ended 31 March 2016 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

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

Changes in accounting policies, accounting standards and interpretations

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective.

Except for the below, the condensed consolidated interim financial statements have been prepared using the same accounting policies, significant judgements and estimates as those used in the most recent annual financial statements for the year ended 30 September 2015.

Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the statement of comprehensive income immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of recognition in the statement of comprehensive income depends on the nature of the hedge relationship.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

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

Mine development costs

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an impairment trigger exists, the recoverable amount of the cash generating unit ("CGU") is determined. The Company considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 March 2016, the market capitalisation of the Company was below the book value of its net assets, indicating a potential trigger for impairment of assets.

In the intervening period the company has secured funding in the form of both debt and equity, to support the funding of the development of Moberley Frac Sand project. In addition the Company has executed a construction contract, providing further clarity over the capital development cost of the asset. The reserves and resource estimates of this project have been extended and the Directors remain confident in relation to the expected operating costs of the asset. Further, the Company continues to observe a strong demand for frac sand of the nature expected from this project, and have identified further markets for the product. These circumstances continue to support the assumption that have underpinned the development of this project.

Notwithstanding the progress of these matters, given the shortfall of net assets to market capitalisation the Company has performed the detailed assessment of carrying value and adopted a discount rate of 9.67 per cent in determining the recoverable amount of the asset. A break even discount rate of 16.45 per cent was identified through this assessment. Pursuant to the detailed assessment, no impairment adjustment was required at 31 March 2016.

It remains 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. Analysis performed during through the period has not identified any matter that indicates to the Directors that there is a deterioration in the expected value of this project and the Directors remain confident that the fundamentals underpinning the development of this project remain strong. Refer to the Group's 30 September 2015 annual report for details on the methodology and assumptions used.

3. Segment Information

The following tables present revenue and profit information for the Group's operating segments for the six months ended 31 March 2016 and 31 March 2015 respectively:

Six months ended 31 Mar 2016	Canada $'000	Portfolio $'000	Corporate $'000	Total $'000
Segment revenue	28	-	74	**102**
Other income/(loss)	4	(1,670)	1,616	**(50)**
Segment Operating EBITDA (1)	**(922)**	**(1,670)**	**729**	**(1,863)**
Depreciation & amortisation	(160)	-	(14)	**(174)**
Finance costs	(3)	-	-	**(3)**
Corporate charges	(664)	-	664	**-**
Profit/(Loss) on asset disposals	12	-	-	**12**
Income tax expense	26	-	-	**26**
Segment profit/(loss) after tax	**(1,711)**	**(1,670)**	**1,379**	**(2,002)**

Six months ended 31 Mar 2015	Canada $'000	Portfolio $'000	Corporate $'000	Total $'000
Segment revenue	64	-	79	**143**
Other income/(loss)	-	(255)	16	**(238)**
Segment Operating EBITDA (1)	**(950)**	**(255)**	**(1,008)**	**(2,213)**
Depreciation & amortisation	(150)	-	(12)	**(163)**
Finance costs	(17)	-	(157)	**(173)**
Corporate charges	(332)	-	332	**-**
Profit/(Loss) on asset disposals	45	-	-	**45**
Income tax expense	64	-	-	**64**
Segment profit/(loss) after tax	**(1,341)**	**(255)**	**(846)**	**(2,441)**

The following tables presents assets and liabilities information for the Group's operating segments as at 31 March 2016 and 30 September 2015 respectively:

	Canada $'000	Portfolio $'000	Corporate $'000	Total $'000
Assets				
At 31 March 2016	21,878	1,731	10,294	**33,903**
At 30 September 2015	15,755	3,402	5,938	**25,095**
Liabilities (2)				
At 31 March 2016	(20,764)	-	17,320	**(3,444)**
At 30 September 2015	(13,109)	-	11,679	**(1,430)**

(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 (2015: $7.397 million).

4. Fair value loss on equity investments

	31 Mar 2016 $'000	31 Mar 2015 $'000
The fair value loss recognised in the statement of comprehensive income is from:		
Almonty Industries Inc.	(1,666)	(246)
Other equity investments	(4)	4
	(1,670)	**(242)**

The carrying value of equity investments at 31 March 2016 was $1.732 million (30 September 2015: $3.402 million).

5. Tax losses

The Company recognises the benefit of tax losses only to the extent of anticipated future taxable income or gains in relevant jurisdictions. The Company has unrecognised deferred tax benefits relating to capital and income tax losses of $13.997 million (2015: $12.701 million) in Australia and $3.538 million (2015: $2.750 million) in Canada.

6. Derivative financial asset

	31 Mar 2016 $'000	30 Sep 2015 $'000
Current		
Foreign currency forward contracts [(1), (2)]	1,600	-
	1,600	**-**

(1) As the loan facility is denominated and drawn in United States Dollars ("USD") and the majority of construction payments will be incurred in Canadian Dollars ("CAD"), the Group entered into foreign currency forward contracts to manage USD:CAD exchange risks. The Group has in place foreign currency forward contracts to sell USD18.9 million and receive of CAD at a weighted average exchange rate of 1 USD = 1.37 CAD. The maturity dates range from April 2016 to February 2017. The foreign currency forward contracts are secured by a cash deposit of $1.850 million and will be released as these contracts mature.

(2) The foreign currency forward contracts are valued at level 2 on the fair value hierarchy. The fair value of foreign currency forward contracts are calculated by reference to forward exchange market rates for contracts within similar maturity profiles at the time of valuation. The gain in fair value of $1.600 million (2015: $nil) was caused by movements in the USD:CAD forward exchange rates between the date of the instruments being taken out and at half year. This fair value gain has been recognised immediately in the statement of comprehensive income. There have been no transfers between categories at any time during the current or previous comparative period.

7. Contributed equity

	Note	31 Mar 2016 $'000	30 Sep 2015 $'000
Fully paid ordinary shares	(a)	96,033	86,356
Reserved shares	(b)	(520)	(539)
Class A $0.25 ordinary shares (paid to $0.01)		1	1
Class B $0.50 ordinary shares (paid to $0.01)		15	15
Convertible notes - equity component		2,003	2,003
		97,532	**87,836**

	Shares thousands	$'000
(a) Fully paid ordinary shares		
At 1 October 2015	231,597	86,356
10 for 7 Renounceable Rights Issue at $0.03 per share	330,855	9,926
Reserved shares quoted - vested shares in employee share plan trust	183	(19)
Capital raising costs	-	(230)
At 31 March 2016	**562,635**	**96,033**
(b) Reserved shares		
At 1 October 2015	1,645	(539)
Reserved shares quoted - vested shares in employee share plan trust	(183)	19
At 31 March 2016	**1,462**	**(520)**

8. Dividends paid and proposed

No dividends were declared or paid during both the 2015 and 2016 financial years.

9. Trade and other payables

	31 Mar $'000	30 Sep $'000
Current		
Trade payables	124	227
Sundry accruals (1)	2,234	663
Sundry creditors	200	67
	2,558	**957**

(1) Sundry accruals consists of accrued Moberly Frac Sand Project development and construction costs totalling $2.002 million (2015: $0.390 million) and other accrued operating expenses $0.232 million (2015: $0.272 million).

10. Related parties

There have been no new related party transactions other than the arrangements that were in place at 30 September 2015. For details on these arrangements please refer to the Group's annual financial report as at 30 September 2015.

11. Property, plant and equipment

	Freehold Land $'000	Buildings $'000	Plant & Equipment $'000	Other $'000	Assets under construction $'000	Total $'000
Six months ended 31 March 2016						
Opening net book amount	428	524	3,265	163	-	4,380
Additions	-	-	478	3	-	481
Disposals	-	(22)	(5)	-	-	(27)
Transfers	-	-	(2,482)	-	2,482	-
Depreciation charge	-	(19)	(111)	(34)	-	(164)
Exchange differences	(23)	(27)	(52)	(5)	(137)	(244)
Closing net book amount	**405**	**456**	**1,093**	**127**	**2,345**	**4,426**
At 31 March 2016						
Cost or fair value	405	720	2,600	456	2,345	6,526
Accumulated depreciation	-	(264)	(1,507)	(329)	-	(2,100)
Net book amount	**405**	**456**	**1,093**	**127**	**2,345**	**4,426**

12. Mine development

	Total $'000
Six months ended 31 March 2016	
Opening net book amount	7,461
Additions	2,979
Amortisation charge	(10)
Exchange differences	(470)
Closing net book amount	**9,960**
At 31 March 2016	
Cost	10,232
Accumulated depreciation	(272)
Net book amount	**9,960**

13. Interest bearing loans and borrowings

	31 Mar 2016 $'000	30 Sep 2015 $'000
Current		
Secured liabilities		
Obligations under finance leases and hire purchase contracts	165	19
	165	**19**
Non-current		
Secured liabilities		
Obligations under finance leases and hire purchase contracts	335	65
	335	**65**

Debt Facility

The Group has in place a USD40.0 million debt facility with Taurus Funds Management Limited to fund the construction of the Moberly Frac Sand Project. The facility is available in two tranches. The conditions precedent associated with the tranche 1 USD25.0 million has been satisfied and is available for draw down. The facility maturity date has been amended to reflect the timing of the satisfaction of the conditions precedent. The facility maturity date is 31 August 2020. No amounts have been drawn under the facility at 31 March 2016. For other details on the terms and conditions of the financing facility, please refer to the Group's annual financial report as at 30 September 2015.

14. Construction and other commitments

The Group entered into construction commitments for the construction of Stage 1 of the Moberly Frac Sand Project:

	31 Mar 2016 $'000	30 Sep 2015 $'000
Moberly Frac Project construction commitments		
Within one year	30,584	-
After one year but not more than five years	2,949	-
Total construction commitments	**33,533**	**-**

Additional to the construction commitments set out above, the group has ongoing commitments in relation to operating and finance leases. These commitments are as described in the Group's annual financial report as at 30 September 2015.

15. Subsequent events

Subsequent to the end of the period, the Group drew down USD5.0 million with Taurus Funds Management. Under the terms of the debt facility, 1.576 million options vested on draw down. A remaining 11.033 million options will vest pro rata for amounts drawn. The strike price of the options is $0.0878.

On 14 April 2016, the Company announced the appointment of Mr Mark Connors, the President of Heemskirk Canada Limited, as Acting Chief Executive Officer and the retirement of Mr Peter Bird as Managing Director. The retirement was effective 30 April 2016 and a redundancy payment of $0.450 million was paid in May 2016.

There are no other significant subsequent events occurring after balance date.

Directors' declaration
for the half year ended 31 March 2016

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

In the Directors' opinion:

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

  (i) Giving a true and fair view of the consolidated entity's financial position as at 31 March 2016 and of its performance for the half year ended on that date; and

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

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

On behalf of the Board

Garry Cameron
Non-Executive Chairman
Melbourne, 25 May 2016

John Taylor
Non-Executive Director
Melbourne, 25 May 2016

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

To the members of Heemskirk Consolidated Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Heemskirk Consolidated Limited, which comprises the balance sheet as at 31 March 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 March 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Heemskirk Consolidated Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2016 and of its performance for the half-year ended on that date; and

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

Ernst & Young

Ernst & Young

Michael Collins
Partner
Melbourne
25 May 2015