

HEEMSKIRK

Announcement



12 August 2010

NQM Takeover Update Disclosure

For further information, please contact:

Peter Bird
Executive Director
Corporate and Markets

Heemskirk Consolidated Limited
ABN 18 106 720 138
Level 5
303 Collins Street
Melbourne Victoria 3000
Australia

Telephone: +61 3 9614 0666
Facsimile: +61 3 9614 4466
Email: hsk@heemskirk.com

This information is available on
our website at
www.heemskirk.com

Kevin Robinson
Managing Director



UPDATED DISCLOSURE

The Recommended Heemskirk Offer remains superior to the Hostile Conquest Offer

At the bottom of page 2 of HSK's announcement dated 11 August 2010, HSK stated that 'the Hostile Conquest Offer dilutes shareholders' effective interest in the Pajingo Gold Operation to approximately 12%'. HSK further notes that, as disclosed at footnote 3, page 3 of its replacement Bidder's Statement dated 21 July 2010, North Queensland Metals (NQM) shareholders who accept the Hostile Conquest Offer will also gain exposure to Conquest's other assets and cash reserves, in addition to its Mt Carlton asset.

Heemskirk's Founders' Plan

At the top of page 3 of HSK's ASX announcement dated 11 August 2010, HSK stated that 'As announced on 28 July 2010, Directors of Heemskirk have elected to terminate the Heemskirk Founders' Plan'. HSK notes further that, as per its announcement dated 28 July 2010, as a result of the termination of the Founders' Plan, HSK will incur a one off charge of approximately \$3.2 million after tax on the company's income statement and cash payment of approximately \$750,000. However, HSK confirms that the outcome of the settlement has:

- no net effect on shareholders' equity; and
- no net after tax cash outflows by the company.

HSK is currently preparing a Supplementary Bidder's Statement which will provide further disclosure regarding termination of the Founders' Plan, including a summary of the key terms of the Termination Deed and its effects on the capital structure of the company and the pro-forma balance sheet.

Conquest's Option Plan

On page 3 of HSK's ASX announcement dated 11 August 2010, under the heading 'Conquest continues with Conquest Option Plan for certain Conquest Directors':

- HSK confirms that the potential issue of NQM options to the three Directors mentioned in the announcement is subject to the approval of CQT shareholders.
- HSK further reiterates that, as already indicated in footnote 3 on page 3 of the announcement, should NQM options be issued to the three CQT Directors, the exercise price of such options is 15% of above the price of CQT shares as at the time of the issue.

HSK acknowledges that CQT has not finalised the source of funding for the anticipated \$138 million Mt Carlton project. As such, HSK cannot indicate at this time whether this project will be funded by equity alone.