Appendix 4E

ASX Preliminary Final Report

Name of entity:	Heemskirk Consolidated Limited
ABN:	18 106 720 138
Reporting period:	1 October 2011 to 30 September 2012
Previous corresponding period:	1 October 2010 to 30 September 2011

Results for announcement to the market

Results	Current Period $'000	Previous Period $'000	% Change
Revenue from continuing operations	19,136	14,807	29%
Other income/(expense)	(519)	28	(1954%)
Loss from continuing operations after tax attributable to members	(3,389)	(10,345)	67%
Loss attributable to members	(2,219)	(3,375)	34%
Total comprehensive income/(loss)	(2,286)	4,269	(154%)

Dividends

No final franked dividend for 2011 was paid during the period.

No dividend has been declared in respect of the 2012 year.

Brief explanation of the figures reported above

The results for the year ended 30 September 2012 incorporates revenue earned from mining operations, divestment of operations and profit on sales of equity investments. Additional information is available in the Company announcement being released to the ASX following this report.

Financial Statements

Refer to the attached audited Annual Financial Report for the period 1 October 2011 to 30 September 2012 for the following information:

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

Retained Earnings/(Accumulated Losses)	Current Period $'000	Previous Period $'000	% Change
Accumulated profits/(accumulated losses) at the beginning of the financial period	(53,738)	(50,363)	(7%)
Items credited directly to retained earnings	-	-	0%
Net profit/(loss) attributable to members	(2,219)	(3,375)	34%
Dividends provided for or paid	-	-	0%
Retained earnings/(accumulated losses) at the end of the financial period	(55,957)	(53,738)	(4%)

Net Tangible Assets Per Share	Current Period cents per share	Previous Period cents per share	% Change
Net tangible assets per share	17.77	19.25	(8%)

Control Gained Over Entities Having A Material Effect

Not applicable.

Loss Of Control Of Entities Having A Material Effect

Name of entity over which control was lost	HSK Gold Australia Pty Ltd
Date control was lost	3 November 2010

	Current Period $'000	Previous Period $'000	% Change
Contribution to profit from ordinary activities in the current reporting period and whole of previous reporting period	-	26	(100%)

Name of entity over which control was lost	Daytal Resources Spain SL
Date control was lost	23 September 2011

	Current Period $'000	Previous Period $'000	% Change
Contribution to profit from ordinary activities in the current reporting period and whole of previous reporting period	1,198	(2,149)	156%

Details Of Aggregate Share Of Profits/(Losses) Of Associates And Joint Venture Entities

Pajingo Mine Joint Venture (40%)	Current Period $'000	Previous Period $'000	% Change
Total share of expenses	-	1,806	(100%)

Review Of Performance For Period

Refer to the additional information attached.

Compliance Statement

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

Signed:

Peter Bird
Managing Director

Date: 28 November 2012

A. DIRECTORS' REPORT

Your Directors submit their report for the period 1 October 2011 to 30 September 2012.

Directors and Directors' Profiles

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:

Graham Lenzner, Non Executive Chairman

Peter Bird, Managing Director

Garry Cameron, Non Executive Director

William A (Lex) Hansen, Non Executive Director

John Taylor, Non Executive Director

Kevin Robinson (retired Managing Director)

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

Graham Lenzner

BEc, FAICD

Non Executive Chairman

Graham has now had a career spanning four decades with particular involvement in funds management and financial markets. Additionally he worked as an executive for some years in the insurance, building products and construction industries.

He was an Executive Director of the Armstrong Jones Group for 12 years, the last four as Joint Managing Director. Previous roles include Finance and Deputy MD of Aquila Steel and GM Finance and Investments of MMI Insurance Ltd.

Graham has served on the Board of a number of public and private companies. He is currently Chairman of Device Technologies Australia Ltd and former Chairman of Aevum Limited.

Graham joined the Board of Heemskirk as Chairman on 24 February 2011 and the Remuneration & Nomination Committee on 25 September 2012.

Peter Bird

BSc(Hons), MAICD, AFin

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 resource 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.

Garry Cameron PSM

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

Non Executive Director and Chairman of the Audit & Risk Committee

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 and Molopo Energy Limited. The ANZ roles over the past five 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 recognised in 1992 on the Australia Day Honours list for his contributions to the Finance and Telecommunications industries.

Garry is Chairman of the Audit & Risk Committee and a member of the Remuneration & Nomination Committee. He joined the Board on 24 February 2011.

William A (Lex) Hansen

BSc, MBA, FAusIMM, FAICD

Non Executive Director and Chairman of the Remuneration & Nomination Committee

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. He is also a key adviser to London-based Anglo Pacific Group plc. Lex is a Non Executive Director of Endocoal Limited and was previously a Non Executive Director of Platinum Australia Limited.

Lex is Chairman of the Remuneration & Nomination Committee and a member of the Audit & Risk Committee. He joined the Board on 1 March 2004.

John Taylor

BE(Chem), MBA, FIChemE.

Non Executive Director

John Taylor recently retired from a long career as Managing Director of Outotec Australasia Pty Ltd (previously Outokumpu Technology and prior to that, Lurgi Australia). 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 Kentor Gold 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 is a member of the Audit & Risk Committee. He joined the Board on 9 May 2011.

Kevin Robinson

BSc(Hons), MAusIMM, F Fin, FAICD

Retired Managing Director

Kevin has 30 years of experience in the mining industry including 20 years in the investment sector. He is a geologist with post graduate qualifications and has held technical and investment positions with RGC, Normandy Mining Limited, Devex Limited, Prudential Assurance, Legal & General and Selection (LSG) Management who is the Manager of Lion Selection Group.

Kevin previously held directorships on the Boards of several Australian resource companies.

Kevin joined the Board on incorporation and retired on 1 December 2011.

Stephen Gray

BBus, GDip(BusAdmin), GDip(CorpGov), CPA, ACSA

Financial Controller & Company Secretary

Stephen has over 25 years' operational and corporate financial experience in Australia and overseas with a broad background in utilities, retail, mining and hospitality industries. Prior to joining the Company, Stephen was employed in a variety of senior financial positions within Western Mining Corporation, Taverner Hotel Group and Western Power.

Stephen is also a Chartered Secretary specialising in corporate governance, risk management and compliance. He was appointed Company Secretary on 1 June 2012.

Colin Walker

BEc

Retired Company Secretary

Colin has a wealth and depth of experience specialising in the mining industry for over 35 years. He is experienced in delivering company secretarial services to both unlisted and listed companies. Prior to joining Heemskirk Consolidated, Colin was Company Secretary for Indophil Resources NL and Beaconsfield Gold NL. Colin held financial positions with North Ltd for many years.

Colin retired as Company Secretary on 31 May 2012.

Directors' Shareholdings as at the date of this report

Directors	Ordinary Shares	Class A$0.25 Partly Paid	Class B $0.50 Partly Paid Ordinary	Unsecured Converting Notes
Peter Bird	5,962,659	-	-	-
Garry Cameron	175,000			
William A (Lex) Hansen	268,466	100,000	500,000	-
Graham Lenzner	900,000	-	-	-
John Taylor	500,000	-	-	-

B REMUNERATION REPORT (AUDITED)

1. Introduction

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 2012.

This report outlines the remuneration arrangements in place for Directors (both Executive and Non-Executive) and Executives of the Company.

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.

For the purpose of this report, the term `executive' encompasses the Managing Director, Senior Executives, General Managers and Secretaries of the Parent Company and the Company.

Non-Executive Directors (NEDs)	
Graham Lenzner	Chairman (non-executive)
Garry Cameron	Director (non-executive)
William A (Lex) Hansen	Director (non-executive)
John Taylor	Director (non-executive)

Executive Directors	
Peter Bird	Managing Director – appointed 1 December 2011
Kevin Robinson	Managing Director – retired 1 December 2011

Other KMP	
Mark Flook	Executive General Manager – Investments
Stephen Gray	Company Secretary – appointed 1 June 2012 and Financial Controller
Alan Minty	President – Canada
Colin Walker	Company Secretary – retired 31 May 2012

2. Remuneration Governance

Remuneration & Nomination Committee (RNC)

This Committee of the Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the directors and executives and comprises two independent Non-Executive Directors (NED's). The RNC assesses the appropriateness of the nature and amount of remuneration of KMP on an annual basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high quality, high performing directors and executive team.

The RNC meets regularly throughout the year. The Managing Director attends certain committee meetings by invitation where management is required. The Managing Director is not present during any discussions related to his own remuneration arrangements.

At the Company's Annual General Meeting (AGM) on 23 February 2012, 33.54% of the votes cast were against the adoption of the 2011 Remuneration Report.

The action the RNC, and the Board, took in response included:

1. A review of the shareholders concerns arising from the 2011 remuneration report;

   The major concern and resultant "no vote" arose from shareholder reaction to operational under performance. The resultant responses have included changes to the remuneration arrangements for the Board, changes to the senior management and a 28% overhead cost reduction. The Company moves into 2013 in a sound financial position with a good quality project in its final engineering and financing phase and with an operational business in Canada.

2. Development of a 3 year strategic plan for the Company;

   The current plan focuses on enhancing the existing industrial minerals base in Canada, both in terms of a new development and sourcing quality primary ore sources for the existing operating business. As a follow on from this, the Company will also seek to enhance the business by adding precious and base metal exposure as both resources and opportunities present themselves.

3. The appointment of Mercer as remuneration consultant; and

4. Assessment of remuneration recommendations provided by Mercer.

With respect to items 3. and 4. above, the RNC have adjusted downwards NED remuneration levels as detailed on page 8 overleaf. The Board believes that this approach better positions the Company versus its peer group, given its current status.

The RNC is comfortable that this approach addresses the concerns of shareholders.

Use of remuneration consultants

To ensure the RNC is fully informed when making remuneration decisions, it seeks external remuneration advice.

New legislation was introduced in 2011 that impacts how companies can seek advice which includes a remuneration recommendation in relation to KMP remuneration. Therefore, in 2012 the Board underwent a formal appointment process and Mercer was appointed as the remuneration advisor to the Company.

In order to ensure the RNC is provided with advice, and as required, remuneration recommendations, free from undue influence by members of the KMP to whom the recommendations may relate, the engagement of Mercer by the RNC was based on an agreed set of protocols that would be followed by Mercer, members of the RNC and members of KMP.

During the 2012 year, Mercer provided the Company with:

- Insights on remuneration trends, regulatory developments and shareholder views;
- Market data in relation to NED's and the Managing Director; and
- Recommendations on the structure of the NED's remuneration packages.

Remuneration recommendations were provided during the 2012 year.

Remuneration Consultant Payments

Accounts received or due and receivable by Mercer for:	**2012** **$**	**2011** **$**
Remuneration recommendation	20,475	-
Other advice	-	-

Mercer provided a statement to the RNC that the report had been prepared free from undue influence of any participant of management or the Board. The Board confirms that it is therefore satisfied that there was no undue influence on the Remuneration recommendation by KMP to whom the recommendations refer.

Approach to setting remuneration

In 2012, the executive remuneration framework consisted of fixed remuneration and short and long-term incentives as outlined.

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and aligned with market practice.

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 that are made on, and responsibilities of, NEDs in discharging their duties. The fees are fixed and no remuneration is tied to the Company's performance. Each NED receives a fee for being a director of the Company. No additional fee is paid for each Board committee on which a Director sits.

The remuneration of NEDs for the year ended 30 September 2012 is detailed on page 13 of this Report. The current maximum aggregate sum is $500,000 per annum. This is intended to provide 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.

The table below summarises the NED Board remuneration including superannuation for 2012.

Chairman	$125,895
Directors	$79,314

The total remuneration for NEDs in 2012 was $363,837, inclusive of committee fees.

During the year the RNC considered the level of NED remuneration, time commitment, experience and the Company's support needs and also considered the Mercer remuneration recommendations. The RNC recommended, and the Board agreed to, revise the level of remuneration from 1 October 2012. The table below summarises the NED Board remuneration including superannuation from 1 October 2012.

Chairman	$109,000
Directors	$70,850

The total remuneration for NEDs in 2013 is forecast to be $321,550, a reduction of 11.6%, inclusive of committee fees.

Executive and Executive Director Remuneration

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 competitive by market standards.

Remuneration consists of the following key elements:

(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.

The level of Fixed Remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

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. The remuneration of the Company's Executive Directors and Executives for the financial period is set out on page 13 and 14 respectively of this Report.

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 individual performance of the relevant individuals.

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

The payment of Variable Remuneration is subject to performance measures which are linked to personal objectives and company business plans to align remuneration with the Company's objectives. The performance measures are subdivided into Personal Performance as determined by the annual Staff Review and Company Performance as determined by the performance of the Company versus appropriate measures. Performance against these measures determines the amount of Variable Remuneration paid on an annual basis. As with Fixed Remuneration, the variable component is benchmarked annually against industry and job role comparator groups.

Variable Remuneration can be subdivided into Short Term Incentives (STI) and Long Term Incentives (LTI).

STI - Short Term Incentives

Short term performance as a basis for compensation will involve a performance evaluation period of 12 months, beginning in October each year.

In structuring the annual incentive, the Company will first determine the business objectives for the next 12 months within the context of a broader 3-5 year plan. Next, appropriate internal performance measures or Key Performance Indicators are agreed. The nature of the compensation is in the form of cash.

The total potential STI available is set at a level so as to provide sufficient incentive to executives to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

Actual STI payments awarded to each Executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of key performance indicators (KPIs) covering both financial and non financial (such as safety), corporate and individual measures of performance. The targets principally relate to net profit after tax and completion of key objectives. A summary of the measures and weightings are set out below.

	Long Term KPIs	**Short Term KPIs**	**Canada KPIs**
Managing Director	40%	35%	25%
	Company Performance KPIs	**Individual KPIs**	**Canada KPIs**
President – Canada	-%	50%	50%
Other KMP	50%	50%	-%

These measures were chosen as they represent the key drivers for the short term success of the business and provide a framework for delivering long term value.

The aggregate of annual STI payments available for executives across the Company is subject to the approval of the RNC. On an annual basis, after consideration of performance against KPIs, the RNC, in line with their responsibilities, determine the amount, if any, of the short term incentive to be paid to each executive. This process usually occurs within three months after the reporting date. Payments made are delivered as a cash bonus in the following reporting period. Other KMP STI payments are up to 40-50% of base pay and the Managing Director, from 1 December 2011, up to 33% of base pay.

Business unit	**Performance measure**	**FY11 performance versus targets**
Corporate	NPAT - Consolidated	Under performed
Portfolio	NPAT - Consolidated	Under performed
Canada	NPAT - Canada	Under performed

The following table outlines the proportion of maximum STI that was earned and forfeited in relation to the 2011 year.

Executive Directors	Proportion of maximum STI earned in 2011	Proportion of maximum STI forfeited in 2011
P. Bird	-%	100%
K. Robinson	-%	100%

Other KMP		
M .Flook	-%	100%
A. Minty	43%	57%
C. Walker	25%	75%

LTI - Long Term Incentives

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 Company performance 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. The Plan involves the issue of shares in the Company.

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 as follows:

Year 1 - 25%

Year 2 - 25%

Year 3 - 25%, and

Year 4 - 25%.

The Plan is part of an Executive's "at risk" salary component. Issues may be made annually and are a result of the KPIs outlined in the STI section. Other KMP LTI payments are up to 40-50% of base pay and the Managing Director, from 1 December 2011, up to 44% of base pay subject to any required or appropriate shareholder approval.

In the case of both STI and LTI (variable remuneration) key performances indicators are linked to the overall strategy with key milestones set both from the perspective of issues relating to compliance, safety, operational and project deliverables and profit against budget. For example, key deliverables in relation to the Frac Sand project feature prominently in the Managing Directors and Senior Canadians executive KPI's.

The following table outlines the proportion of maximum LTI that was earned and forfeited in relation to the 2011 year.

Executive Directors	Proportion of maximum LTI earned in relation to 2011	Proportion of maximum LTI forfeited in relation to 2011
P. Bird	-%	100%
K .Robinson	-%	100%

Other KMP		
M. Flook	22%	78%
A. Minty	-%	100%
C. Walker	27%	73%

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. 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.

Remuneration of KMP, Non Executive Directors' remuneration for the year ended 30 September 2012

		Short Term Benefits			Post Employment	Share Based Payments (1)	Termination Benefits $	Total $	% Performance Related
		Salary, Fees & Commissions $	Cash Bonus $	Non-Monetary Benefits $	Super-annuation $	Options $			
Non-Executive Directors									
Garry Cameron (2)	2012	61,265	-	-	18,049	-	-	79,314	0.00%
	2011	43,356	-	-	3,902	-	-	47,258	0.00%
William A (Lex) Hansen	2012	72,765	-	-	6,549	-	-	79,314	0.00%
	2011	72,765	-	-	6,549	-	-	79,314	0.00%
Ross Marshall Herron (3)	2011	47,163	-	-	4,245	-	-	51,408	0.00%
Bruce David Kay (4)	2011	40,685	-	-	3,662	-	-	44,347	0.00%
Graham Lenzner (5)	2012	89,895	-	-	36,000	-	-	125,895	0.00%
	2011	68,819	-	-	6,194	-	-	75,013	0.00%
John Taylor (6)	2012	72,765	-	-	6,549		-	79,314	0.00%
	2011	28,941	-	-	2,605	-	-	31,546	0.00%
Sub-Total	2012	296,690	-	-	67,147	-	-	363,837	0.00%
	2011	301,729	-	-	27,157	-	-	328,886	0.00%

(1) During the financial year no options over the Ordinary Shares of the Company were granted to Non Executive Directors.
(2) Garry Cameron joined the Board on 24 February 2011.
(3) Ross Marshall Herron retired on 24 February 2011.
(4) Bruce David Kay retired on 1 May 2011.
(5) Graham Lenzner joined the Board on 24 February 2011.
(6) John Taylor joined the Board on 9 May 2011.

Remuneration of KMP, including the five highest remunerated Executives, who received remuneration for the year ended 30 September 2012

		Short Term Benefits			Post Employment	Share Based Payments [1]	Termination Benefits [2] $	Total $	% Performance Related
		Salary, Fees & Commissions $	Cash Bonus $	Non-Monetary Benefits $	Super-annuation $	Options $			
Executive Directors									
Kevin Robinson [3]	2012	394,498	-	-	21,000	-	510,180	925,678	0.00%
	2011	407,096	-	5,404	37,125	-	-	449,625	0.00%
Peter Bird [4]	2012	510,014	-	15,849	17,670	-	-	543,533	0.00%
Sub-Total	2012	904,512	-	15,849	38,670	-	510,180	1,469,211	0.00%
	2011	407,096	-	5,404	37,125	-	-	449,625	0.00%
Other KMP									
Paul Berndt [5]	2011	186,047	67,981	-	22,250	-	-	276,278	24.61%
Peter Bird [6]	2011	283,479	-	16,938	27,038	-	-	327,455	0.00%
Mark Flook	2012	256,636	-	-	43,114	5,422	-	305,172	1.78%
	2011	278,542	-	-	25,069	-	-	303,611	0.00%
Stephen Gray [7]	2012	52,942			4,765	-	-	57,707	0.00%
Andrew McIlwain [8]	2011	144,608	-	-	11,277	-	65,489	221,374	0.00%
Alan Minty	2012	225,790	38,091	1,346	9,763	-	-	274,990	13.85%
	2011	150,444	25,047	1,115	7,358	2,060	-	186,024	14.57%
Colin Walker [9]	2012	25,573	4,184		10,099	815	-	40,671	12.29%
	2011	41,843	2,711	-	4,010	1,521	-	50,085	8.45%
Sub-Total	2012	560,941	42,275	1,346	67,741	6,237	-	678,540	7.15%
	2011	1,084,963	95,739	18,053	97,002	3,581	65,489	1,364,827	7.28%
Total KMP	2012	1,762,143	42,275	17,195	173,558	6,237	510,180	2,511,588	1.93%
	2011	1,793,788	95,739	23,457	161,284	3,581	65,489	2,143,338	4.63%

(1) Fair value of Long Term Incentives granted to Executive.
(2) Termination benefits include payments in lieu of notice.
(3) Kevin Robinson retired 1 December 2011 and completion of the six months notice period occurred on 31 May 2012.
(4) Peter Bird classified as Executive Director for 2012 following his appointment as Managing Director on 1 December 2011 and received a sign on fee of $100,000.
(5) Estimated earnings for 2011, following the sale of Spain on 23 September 2011 Paul Berndt ceased being a KMP of the Company.
(6) Peter Bird classified as Other Key Management Personnel for 2011 following his retirement from the Board on 24 February 2011.
(7) Stephen Gray met the definition of a KMP on his appointment as Company Secretary on 1 June 2012.
(8) Andrew McIlwain retired 8 March 2011.
(9) Colin Walker retired 31 May 2012.

Long term incentives granted and vested during the year

Executive	Grant Date	First Vesting Date	Final Vesting Date	Exercise price per share at grant date (cents) (note 23)	Shares Granted	Shares Vested	Shares Forfeited	Cumulative Shares Vested	Cumulative Shares Non – Vested	Cumulative dividends applied to loan reduction ($)(1)
Mark Flook	01.03.2012	01.03.2013	01.03.2016	14.00	216,864	-	-	-	216,864	-
Stephen Gray	28.12.2007	28.12.2008	28.12.2011	149.29	-	-	-	13,926	-	106
	05.01.2009	05.01.2010	05.01.2013	64.08	-	-	-	15,363	5,121	263
	01.03.2011	01.03.2012	01.03.2015	26.67	-	-	-	24,905	74,715	-
	01.03.2012	01.03.2013	01.03.2016	14.00	110,952	-	-	-	110,952	-
Alan Minty (2)	12.04.2011	12.04.2012	12.04.2015	16.50	-	-	-	-	101,708	-
Colin Walker	28.12.2007	28.12.2008	28.12.2011	149.29	-	490	-	1,957	-	30
	05.01.2009	05.01.2010	05.01.2013	64.08	-	7,229	(7,229)	21,689	-	221
	01.03.2011	01.03.2012	01.03.2015	26.67	-	6,238	(18,714)	6,238	-	-
	01.03.2012	01.03.2013	01.03.2016	14.00	32,580	-	(32,580)	-	-	-

(1) At the date of this report, there has been no repayment of LTI loans.
(2) Shares not vested until exercised by Executive
(3) Following Colin Walker's retirement, the terms of the Employee Share Plan were modified by extending the expiry date of vested shares to from 31 May 2013

Fair value (cents) per share as at each grant and vesting date

Grant Date	First Vesting Date 1 year from grant date	Second Vesting Date 2 years from grant date	Third Vesting Date 3 years from grant date	Fourth Vesting Date 4 years from grant date
28.12.2007	40.87	40.87	40.87	40.87
05.01.2009	26.68	16.26	8.34	1.68
01.03.2011	2.20	3.23	2.90	3.60
01.03.2012	2.90	3.07	2.27	1.77

Fair value of long term incentives granted, vested and forfeited during the year

	Fair value of shares granted during the year $	Fair value of shares vested during the year $	Fair value of vested shares forfeited during the year $	Remuneration consisting of shares granted during the year %
Mark Flook	5,426	-	-	1.78%
Andrew McIlwain	-	-	831	-
Colin Walker	815	941	-	2.00%

Founders' Plan (Executive Bonus Plan)

On 28 July 2010 the Company announced that it had been decided to terminate the Founders' Plan and settlement terms have been 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 Founder's to assist with discharging any Australian taxation liability as a result of the settlement. The Founders have advised the Company that the actual draw down of the facility is not expected to exceed $0.230 million. The draw down of the facility as at 30 September 2012 is nil.

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 $104,000 as at 30 September 2012.

Details relating to Employment Contracts

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

The contracts below include arrangements entered into prior to the amendments to the *Corporations Act 2001* regarding termination payments which came into effect on 24 November 2009. The new legislative provisions apply to KMP contract variations after 24 November 2009 and to agreements with KMPs appointed after 24 November 2009. As such, pre-existing contracts are generally not subject to the new limits on termination payments.

Managing Director

The Managing Director, Mr Bird, 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;
- The Managing Director's target STI opportunity is 33% of his fixed remuneration; and
- The Managing Director 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.

Other KMP

Mr Flook is employed by the Company under a contract which either the Company or Mr Flook may give six months notice of termination.

	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.

For other Key Management Personnel, remuneration and other terms of employment are formalised in employment contracts that can be terminated with notice. Each of these agreements provide 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 contracts provide for notice ranging from two to three 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	2-3 months	2-3 months	Unvested awards forfeited	Unvested awards forfeited
Termination for cause	None	None	Unvested awards forfeited	Unvested awards forfeited
Termination without cause	2-3 months	2-3 months	Unvested awards forfeited	Unvested awards forfeited

Payments applicable to outgoing executives

Mr Robinson was employed by the Company under a contract for a fixed term expiring 30 June 2012. Either of the Company or Mr Robinson could give six months' notice of termination expiring at the end of the Term. Mr Robinson's employment continued beyond the Term under the existing contract. On notice being given on 1 December 2012, the Company paid Mr Robinson an amount equivalent to 12 months remuneration, based on the average remuneration of all types over the 3 years prior to termination. Six months remuneration for the notice period commencing 1 December 2011, and concluding 31 May 2012, and leave entitlements were also paid.

The employment contract contained a six month post employment restriction which was not exercised at the election of the Company.

Mr Walker was employed by the Company under a contract that provided one month's notice period upon resignation. The contract provided for the payment of outstanding leave entitlements and these were paid upon completion of employment.

Relationships of Incentives to Company's Performance

At risk LTI's for staff and executives are based on Company performance on net profit after tax and individual KPIs.

Heemskirk's Financial Performance

Year Ended 30 September	***2008***	***2009***	***2010***	***2011***	***2012***
NPAT ($m)	(0.5)	(13.2)	(39.6)	(3.4)	(2.2)
Basic Earnings Per Share (EPS)[1] (cents)	(0.64)	(15.91)	(29.75)	(6.67)	(2.20)
Dividend declared (cents)	1.0	0	0	0	0
Share buyback ($m)	0.2	0.6	0	0	0
Share Price at 30 Sep (cents)	100.0	51.0	26.0	11.0	12.5
Share Price increase/(decrease)[2] (cents)	(38.9)	(49.0)	(25.0)	(15.0)	1.5

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

Share Price movement during the financial year

C. PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

Heemskirk is an Australian listed mining company with operations in Canada. The Company's principal activities for the year were: mine operations, mine development, sale of mine products and corporate investments in the resource industry. Significant events during the year included the completion of the feasibility study for the Moberly Frac Sand Project in British Columbia, Canada and Board approval for the Moberly Frac Sand Project to proceed subject to financing.

As at 30 September 2012 the Company held cash and cash equivalents of $9.426 million (2011: $16.693 million) and other financial assets of $11.323 million (2011: $8.554 million). In total, the liquid assets of the Company were $20.749 million (2011: $25.247 million). The net reduction in liquid assets of $4.498 million relates to the Company's investment in the Moberly Frac Sand Project of $2.320 million and repayment of borrowings of $2.080 million.

The Company recorded a loss after income tax of $2.219 million for the year ended 30 September 2012 compared with a loss after income tax of $3.375 million for the year ending 30 September 2011. The net reduction in loss after income tax of $1.156 million is principally represented by improvements across the Company in the areas of gross profit $3.140 million (2011: $2.032 million), corporate costs $0.850 million (2011: $1.344 million), finance costs $0.521 million (2011: $2.076 million) and other expenses $0.118 million (2011: $0.319 million). Further gains included impairment expenses $0.021 million (2011: $0.393 million) and tax expense $0.684 million (2011: $4.556 million). These gains were offset by unrealised losses on equity investments $0.591 million (2011: $0.039 million) and lower profit from the sale of discontinued tungsten and gold operations $1.170 million (2011: $6.970 million).

The employee benefits expense of $2.309 million (2011: $2.313 million) included non-recurring key management personnel termination benefits of $0.510 million (2011: $0.065 million).

The Company invested CAD 2.349 million (2011: CAD 1.014 million) in the Moberly Frac Sand Project.

Corporate Activities

Mining Canada

The Canadian operations focus on production of industrial mineral products mainly for the oil and gas service industry in Western Canada. The Company has a processing facility in Lethbridge, Alberta and a Corporate office in Calgary, Alberta. Key products from the Lethbridge operation include barite, gypsum and zeolite. The Company has a silica mine, silica processing plant and two zeolite mines in British Columbia.

Mining Canada	**Year ended 30 September 2009**	**Year ended 30 September 2010**	**Year ended 30 September 2011**	**Year ended 30 September 2012**
Industrial minerals sold (tonnes)	31,161	28,449	60,583	68,324
Segment revenue (A$m)	10.718	13.164	14.305	18.425
Segment revenue per tonne sold (A$/t)	344	463	236	270
Segment EBITDA[1] (A$m)	0.086	1.310	1.528	2.422
Segment EBITDA as a percentage of Segment revenue	1%	10%	11%	13%

Over the year Mining Canada revenue was up 29% from $14.305 million to $18.425 million. Revenue was above budgeted levels, consistent with our expectations of increasing demand and prices for barite products for use in longer and deeper unconventional oil and gas wells. The outlook for the Company's products remains strong due to sustained drilling activity in the Western Canadian Sedimentary Basin as a result of a high oil price and strengthening gas price.

Segment EBITDA was up 58% from $1.528 million to $2.422 million. The Company continued safety and productivity improvements at the Lethbridge plant which contributed to increasing Segment EBITDA as a percentage of segment revenue to 13% (2011: 11%). The improvement in EBITDA margin is notable in a year where there was also significant business activity to support the Frac Sand Project at Moberly.

The Company invested CAD 0.248 million (2011: CAD 0.388 million) in safety and productivity plant and equipment improvements at the Lethbridge plant during the year. The Company has identified additional safety and productivity improvements at the Lethbridge processing facility and these will be implemented during the forthcoming year.

The Company acquired additional barite stocks in September 2012 to meet expected demand in the forthcoming year. This acquisition substantially contributed to increasing Company raw materials inventory to $4.251 million (2011: $2.706 million).

The Company invested CAD 2.349 million (2011: CAD 1.014 million) in the Moberly Frac Sand Project, bringing the total cumulative exploration and evaluation expenditure on the project since inception to CAD 3.798 million (2011: CAD 1.449 million).

Substantial progress was made over the year in relation to the Frac Sand Project at the Moberly operation. In the December 2011 quarter, the Company completed a feasibility study supporting a commercially viable and long life operation at Moberly. In the March 2012 quarter, the Company appointed a leading global engineering company, AECOM, to complete the detailed design and engineering work for the processing facility. The Company and AECOM have made substantial

[1] Segment EBITDA is earnings before interest expense, income tax, depreciation, amortisation charges and other indirect expenses and have been extracted from Note 28a 'Segment Information". EBITDA is non-IFRS financial information and have not been subject to audit by the Company's external auditor.

progress, including several iterations of the initial design to reduce construction and production risks. The Company announced a capital estimate for the mine development and processing facility of CAD 26 million on 31 July 2012. A General Contractor, Maple Reinder, was engaged to assist with finalising capital estimates and details for the construction phase.

The Company appointed MNP Corporate Finance Inc. in the June 2012 quarter to assist the Company source funds for developing of the Moberly Frac Sand Project. Financing alternatives have been assessed during the September quarter and a short list of financing candidates has been identified. The Company is exploring a variety of funding alternatives to maximise shareholder value.

Marketing efforts continued during the year for the Moberly Frac Sand Project and expressions of interest were received from energy service companies. Efforts to secure appropriate sales arrangements have continued to advance during the year and this has supported financing discussions.

Portfolio

The Portfolio EBITDA overall loss of $0.954 million for the year ended 30 September 2012 compared with a loss of $0.626 million for the year ended 30 September 2011. The EBITDA loss was in the main due to unrealised losses on equity investments of $0.772 million (2011: $0.451 million). The Portfolio achieved realised gains of $0.181 million (2011: $0.412 million).

Portfolio	**Year ended 30 September 2009**	**Year ended 30 September 2010**	**Year ended 30 September 2011**	**Year ended 30 September 2012**
Segment assets (A$m)	1.097	0.335	7.780	7.087
Segment revenue (A$m)	(0.336)	0.330	(0.016)	(0.591)
Segment realised gains on equity investments (A$m)	0.535	0.178	0.412	0.181
Segment EBITDA[2] (A$m)	not reported[3]	(0.314)	(0.626)	(0.954)
Segment realized gains on equity investments as a percentage of Segment assets	49%	53%	5%	3%

Segment assets held as at 30 September 2012 totalled $7.087 million (2011: $7.780 million), the reduction primarily arising from unrealised losses on Almonty Industries Inc. (Almonty) (TSXV: AII) holdings. The Company continues to hold 15% of Almonty, the tungsten company that acquired the Company's Los Santos Tungsten Project in 2011. As at 30 September 2012 the share price was CAD 0.94 (2011: CAD 1.00) reducing the value of this investment during the year by $0.368 million (2011: $0.074 million) to $5.102 million (2011: $5.470 million). The Company also holds warrants at

[2] Segment EBITDA is earnings before interest expense, income tax, depreciation, amortisation charges and other indirect expenses and have been extracted from Note 28a 'Segment Information". EBITDA is non-IFRS financial information and have not been subject to audit by the Company's external auditor.

[3] The year ended 30 September 2009 did not separate Portfolio and Corporate segments.

CAD 1.25 per share to buy an additional 7.5% equity in Almonty which are fair valued at $1.196 million (2011: $1.684 million), a reduction of $0.488 million (2011: $0.060 million).

Corporate

During the year the Company restructured its corporate activities to align better with current operating and reconstruction activities. The Corporate head count was reduced by 33%. Employee benefits expense for the year ended 30 September 2012 included key management personnel termination benefits of $0.510 million (2011: $0.065 million). Restructuring during the year contributed to a reduction in Corporate segment costs of $0.176 million for the year down to $3.484 million (2011: $3.660 million). Following the restructuring, subject to new initiatives, the Company expects corporate costs to reduce to approximately $2.500 million for the year ended 30 September 2013.

Corporate	**Year ended 30 September 2009**[4]	**Year ended 30 September 2010**	**Year ended 30 September 2011**	**Year ended 30 September 2012**
Segment revenue (A$m)	-	0.226	0.836	0.760
Segment costs (A$m)	-	9.359	3.660	3.484
Segment EBITDA[5] (A$m)	-	(9.133)	(2.824)	(2.724)
Segment revenue as a percentage of Segment assets	-	1%	4%	6%

Finance costs for the year were $0.521 million (2011: $2.076 million), a reduction of $1.555 million. The decrease resulted from the reduction in convertible note debt from $21.877 million to $3.778 million during the year ended 30 September 2011.

Mining Spain

The Company completed the sale of the Los Santos Tungsten Project (Spain) to Almonty Inc, a North American private equity group, on 23 September 2011. The Company held tungsten inventory at the time of the sale that was in transit to the customer. This inventory was subsequently sold during the year ended 30 September 2012 for $2.201 million and the Mining Spain segment recorded a Segment EBITDA of $1.040 million (2011: $4.563 million).

[4] The year ended 30 September 2009 did not separate Portfolio and Corporate segments.

[5] Segment EBITDA is earnings before interest expense, income tax, depreciation, amortisation charges and other indirect expenses and have been extracted from Note 28a 'Segment Information". EBITDA is non-IFRS financial information and have not been subject to audit by the Company's external auditor.

Mining Spain	**Year ended 30 September 2009**	**Year ended 30 September 2010**	**Year ended 30 September 2011**	**Year ended 30 September 2012**
Segment revenue (A$m)	8.105	3.805	14.663	2.201
Segment EBITDA[6] (A$m)	(0.735)	(0.915)	4.563	1.040
Segment EBITDA as a percentage of Segment revenue	(9%)	(24%)	31%	47%

Consolidated Result

The Company recorded a net loss after income tax of $2.219 million for the year ended 30 September 2012 compared with a net loss of $3.375 million for the year ending 30 September 2011.

The Company recorded a total comprehensive loss of $2.286 million for the year ended 30 September 2012 compared with a total comprehensive income of $4.269 million for the year ending 30 September 2011. The reduction in comprehensive income of $6.555 million was principally a result of the profit arising on sale of gold operations in Australia and tungsten operations in Spain during the year ended 30 September 2011 which contributed $6.970 million to total comprehensive income.

Net assets totalled $27.385 million compared with net assets of $29.658 million at 30 September 2011. The reduction in net assets is primarily due to the Corporate segment loss of $2.534 million.

Dividends

During the year, no dividends were paid in respect of the 2011 year.

No dividend has been declared in respect of the 2012 year.

Earnings per Share

Basic earnings per share from continuing operations was a loss of 2.20 cents compared with a loss of 6.67 cents in the previous corresponding period. Diluted earnings per share was a loss of 2.20 cents compared with a loss of 6.67 cents in the previous corresponding period.

Likely Developments

The Company Balance Sheet remains solid and has the Company in a sound net cash position for future developments. Focus for the next year will principally be on continuing the safety and productivity improvements at the Lethbridge operation to meet demand for the Company's products and, subject to completion of financing, commencing construction of the Moberly Frac Sand Project.

[6] Segment EBITDA is earnings before interest expense, income tax, depreciation, amortisation charges and other indirect expenses and have been extracted from Note 28a 'Segment Information". EBITDA is non-IFRS financial information and have not been subject to audit by the Company's external auditor.

As announced over the year the Moberly Frac Sand Project represents a high value opportunity to the Company consistent with the strategy of de-risking into cash positive operations from which to launch into other mining ventures . Work will continue to secure the direct ownership of a barite mine and gold and copper resources.

Events Subsequent to Balance Date

There are no matters or circumstances which have arisen since 30 September 2012 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.

Environmental Regulation and Performance

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

The Company submitted mine design and operational plans for the Frac Sand Project to the Mines Branch for an amendment to the Mining and Reclamation Permit. Other permits to enable the project to proceed are being progressively amended and no material issues have arisen to date.

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

Indemnity

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 Company Secretary. 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.

Corporate Governance Statement

This statement, set out in Section 4 of the 2011 Annual Report, summarises the Company's key corporate governance policies that were in place during the year. Details of the Company's corporate governance policies are located on our website www.heemskirk.com.

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

Non-Audit Services

There were no non-audit services provided by the entity's auditor, Ernst & Young during the year ended 30 September 2012.

Directors' Meetings

Attendance at Board and Committee 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

C Number of meetings attended by invitation

Director	Board Meetings		Audit & Risk Meetings			Remuneration & Nomination Meetings		
	A	**B**	**A**	**B**	**C**	**A**	**B**	**C**
Graham Lenzner[3]	**13**	**13**	**3**		**3**	**4**		**4**
Garry Cameron	**13**	**13**	**3**	**3**		**4**	**4**	
William A (Lex) Hansen	**13**	**11**	**3**	**3**		**4**	**4**	
John Taylor	**13**	**13**	**3**	**3**		**4**		**2**
Kevin Robinson [1]	**2**	**2**	**2**		**2**	**2**		**0**
Peter Bird [2]	**11**	**11**	**1**		**1**	**2**		**1**

(1) Kevin Robinson retired as Managing Director 1 December 2011.

(2) Peter Bird appointed as Managing Director 1 December 2011.

(3) Graham Lenzner became a member of the Remuneration & Nomination Committee on 25 September 2012. He attended the Remuneration & Nomination meetings by invitation for the financial year ending 30 September 2012.

Financial Report

Signed in accordance with a resolution of the Directors

Graham Lenzner
Non-Executive Chairman
Melbourne
28 November 2012

Peter Bird
Managing Director
Melbourne
28 November 2012

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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 2012, 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

Rodney Piltz
Partner
28 November 2012

D. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 $'000	2011 $'000
Revenue from continuing operations	*4*	19,136	14,807
Cost of sales	*5*	(15,996)	(12,775)
Gross profit/(loss)		**3,140**	**2,032**
Proceeds on sale of equity investments		744	18,220
Cost of equity investments sold		(563)	(17,808)
Unrealised gains/(losses) on equity investments		(772)	(451)
Net gains/(losses) on equity investments		(591)	(39)
Other income		72	67
Total other income/(expense)		**(519)**	**28**
Depreciation and amortisation expense	*5*	(812)	(817)
Employee benefits expense	*5*	(2,309)	(2,313)
Corporate costs		(850)	(1,344)
Consultants and advisory expense		(694)	(587)
Finance costs	*5*	(521)	(2,076)
Other expenses		(118)	(319)
Impairment expense	*5*	(21)	(393)
Loss before income tax from continuing operations		**(2,705)**	**(5,789)**
Income tax expense from continuing operations	*6*	(684)	(4,556)
Loss after income tax from continuing operations		**(3,389)**	**(10,345)**
Profit from discontinued operations (net of income tax)	*7*	1,170	6,970
Loss after income tax		**(2,219)**	**(3,375)**
Other comprehensive income:			
Cash flow hedges:			
Transferred to profit and loss		-	(23)
Foreign currency translation differences recycled on disposal of foreign operation	*7b, 24b*	-	8,170
Foreign currency translation	*24b*	(52)	(455)
Asset revaluation		(16)	(58)
Income tax on items of other comprehensive income		-	10
Other comprehensive income/(loss) for the period, net of tax		**(68)**	**7,644**
Total comprehensive income/(loss) for the period		**(2,286)**	**4,269**
Earnings per share (EPS) from continuing operations	*11*		
Basic earnings per share (cents)		(2.20)	(6.67)
Diluted earnings per share (cents)		(2.20)	(6.67)
Earnings per share on profit/(loss)			
Basic earnings per share (cents)		(1.44)	(2.17)
Diluted earnings per share (cents)		(1.44)	(2.17)

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

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

E. CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2012

	Note	2012 $'000	2011 $'000
ASSETS			
Current assets			
Cash and cash equivalents	*12*	9,426	16,693
Trade and other receivables	*13*	1,804	2,852
Inventories	*14*	4,507	4,062
Other financial assets	*15a,b*	11,323	8,554
Other current assets		248	198
Total current assets		**27,308**	**32,359**
Non-current assets			
Other financial assets	*15a,b*	-	1,281
Property, plant and equipment	*16*	6,398	7,092
Exploration, evaluation and mine development	*17*	3,795	1,536
Deferred tax assets	*6d*	-	-
Other non current assets		13	31
Total non-current assets		**10,206**	**9,940**
TOTAL ASSETS		**37,514**	**42,299**
LIABILITIES			
Current liabilities			
Trade and other payables	*18*	3,874	2,823
Interest bearing loans and borrowings	*19*	4,981	4,306
Provisions	*20*	534	415
Income tax payable	*6d*	148	208
Financial derivative liability		17	-
Other liabilities	*21*	-	1,349
Total current liabilities		**9,554**	**9,101**
Non-current liabilities			
Deferred tax liabilities	*6d*	264	305
Interest bearing loans and borrowings	*19*	177	2,979
Provisions	*20*	134	256
Total non-current liabilities		**575**	**3,540**
TOTAL LIABILITIES		**10,129**	**12,641**
NET ASSETS		**27,385**	**29,658**
EQUITY			
Contributed equity	*22*	81,184	81,184
Reserves		2,157	2,212
Retained earnings/(losses)	*24*	(55,956)	(53,738)
TOTAL EQUITY		**27,385**	**29,658**

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

F. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Issued capital										
	Ordinary shares fully paid	Class A Ordinary shares partly paid	Class B Ordinary shares partly paid	Convertible notes	Reserved shares	Retained earnings	Asset revaluation reserve	Hedge reserve	Foreign currency translation reserve	Employee share based payment reserve	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 October 2010	**79,631**	**1**	**15**	**1,239**	**(681)**	**(50,363)**	**2,011**	**16**	**(7,638)**	**170**	**24,401**
Profit/(loss) for the period	-	-	-	-	-	(3,375)	-	-	-	-	(3,375)
Foreign currency translation differences recycled on disposal of foreign operation	-	-	-	-	-	-	-	-	8,170	-	8,170
Other comprehensive income net of tax	-	-	-	-	-	-	(55)	(16)	(455)	-	(526)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**(3,375)**	**(55)**	**(16)**	**7,715**	**-**	**4,269**
Transactions with owners in their capacity as owners											
Shares converted and issued during the period	(4)	-	-	-	4	-	-	-	-	-	-
Equity component of converting notes issued during the period	-	-	-	792	-	-	-	-	-	-	792
Transaction costs on issued capital, net of tax	215	-	-	(28)	-	-	-	-	-	-	187
Employee share based payments	-	-	-	-	-	-	-	-	-	9	9
Balance at 30 September 2011	**79,842**	**1**	**15**	**2,003**	**(677)**	**(53,738)**	**1,956**	**-**	**77**	**179**	**29,658**

	Issued capital										
	Ordinary shares fully paid	Class A Ordinary shares partly paid	Class B Ordinary shares partly paid	Convertible notes	Reserved shares	Retained earnings	Asset revaluation reserve	Hedge reserve	Foreign currency translation reserve	Employee share based payment reserve	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 October 2011	**79,842**	**1**	**15**	**2,003**	**(677)**	**(53,738)**	**1,956**	**-**	**77**	**179**	**29,658**
Profit/(loss) for the period	-	-	-	-	-	(2,219)	-	-	-	-	(2,219)
Foreign currency translation differences recycled on disposal of foreign operation	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income net of tax	-	-	-	-	-	-	(16)	-	(52)	-	(68)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**(2,219)**	**(16)**	**-**	**(52)**	**-**	**(2,287)**
Transactions with owners in their capacity as owners											
Shares converted and issued during the period	-	-	-	-	-	-	-	-	-	-	-
Equity component of converting notes issued during the period	-	-	-	-	-	-	-	-	-	-	-
Transaction costs on issued capital, net of tax	-	-	-	-	-	-	-	-	-	-	-
Employee share based payments	-	-	-	-	-	-	-	-	-	14	14
Balance at 30 September 2012	**79,842**	**1**	**15**	**2,003**	**(677)**	**(55,957)**	**1,940**	**-**	**25**	**193**	**27,385**

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

G. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers		20,339	27,205
Payments to suppliers and employees		(20,401)	(30,548)
Interest received		705	436
Income tax received/(paid)		(607)	406
Finance costs paid		(571)	(1,778)
Net cash flows from/(used in) operating activities	*30(a)*	(535)	(4,279)
Cash flows from investing activities			
Proceeds on disposal of subsidiaries		-	35,827
Cash (deposits) for bank investments/guarantees		(2,181)	(2,002)
Proceeds from the sale of equity investments		745	18,220
Purchases of equity investments		(640)	(4,990)
Proceeds from the sale of property, plant and equipment		60	704
Purchases of property, plant and equipment		(317)	(653)
Exploration, evaluation and mine development expenditure		(2,320)	(8,028)
Dividends received		-	23
Net cash flows from/(used in) investing activities		(4,653)	39,101
Cash flows from financing activities			
Proceeds from issue of converting notes		-	3,625
Convertible notes redemption/buy back		-	(28,965)
Proceeds/(repayment) of borrowings		(2,080)	2,602
Net cash flows from/(used in) financing activities		(2,080)	(22,738)
Net increase/(decrease) in cash and cash equivalents		(7,268)	12,084
Cash and cash equivalents at beginning of period		16,693	4,781
Net foreign exchange differences		1	(172)
Cash and cash equivalents at end of period	*12*	**9,426**	**16,693**

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

H. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012

The financial report of Heemskirk Consolidated Limited and its controlled entities (the Company) for the year ended 30 September 2012 was authorised for issue in accordance with a resolution of the directors on 27 November 2012.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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(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 Australian Accounting Standards as issued by the Australian Accounting Standards Board and 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 2011:

- AASB 124 - Related Party Disclosures (amendment)
- AASB 132 - Financial Instruments: Presentation (amendment)
- AASB 1054 - Australian Additional Disclosures
- AASB 2009-12 - Amendments to Australian Accounting Standards Arising from Annual Improvements
- AASB 2010-4 - Further Amendments to Australian Accounting Standard
- AASB 2010-5 - Amendments to Australian Accounting Standards

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

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 and are available for early adoption at 30 September 2012, 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 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements.	*(i)*	1-Oct-13
AASB 10 Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. The new control model broadens the situations when an entity is considered to be controlled by another entity.	*(ii)*	1-Oct-13
AASB 11 Joint arrangements	AASB 11 replaces AASB 131 and UIG-113. The standard uses the principle of control in IFRS 10 to define joint control, and therefore determination of whether joint control exists may change.	*(i)*	1-Oct-13
AASB 12 Disclosure of interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about these entities.	*(ii)*	1-Oct-13
AASB 13 Fair Value Measurement	AASB 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. It includes guidance on how to determine fair value under IFRS and expands the disclosure requirements for all assets and liabilities carried at fair value.	*(ii)*	1-Oct-13
Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised if future economic benefits will be realised, costs are reliably measured and the component of an ore body to which it relates can be identified.	*(i)*	1-Oct-13
Annual Improvements IFRS 2009-11 Cycle	This standard sets out amendments to IFRS and the related bases for conclusions and guidance made during the IASB's Annual Improvements process. These improvements have not yet been adopted by AASB.	*(ii)*	1-Oct-13

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-15
AASB 2011-9 Presentation of Other Comprehensive Income	The Standards require entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit and loss and those that will not.	*(i)*	1-Oct-12
AASB 119 Employee Benefits	The Standards changes the defintion of short term employee benefits. The distinction between short term and other long term employee benefits is now based on wheither the benefits are expected to be settled within 12 months after the reporting date.	*(ii)*	1-Oct-13
AASB 2012-2 Disclosures Offsetting Financial Assets and Financial Liabilities	Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting off arrangements on the entity's financial position.	*(i)*	1-Oct-13
AASB 2012-5 Annual Improvements 2009-2011 Cycle	Repeat application of AASB 1 is permitted and clarification of the AASB 101 comparative information requirements when an entity provides a third balance sheet.	*(i)*	1-Oct-13
AASB 2012-3 Offsetting Financial Assets and Financial Liabilities	Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.	*(i)*	1-Oct-14

(i) The adoption of this new standard, amendment or interpretation will not 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 2012.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Company.

Investments in controlled entities are recorded in the financial statements of the Company at the lower of cost and recoverable amount.

(d) Foreign currency translation

(i) 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.

(ii) 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) Cash and cash equivalents

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

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above. Bank overdrafts are included within interest bearing loans and borrowings in current liabilities.

(f) Inventories

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.

(g) Derivative financial instruments

The Company uses derivative financial instruments to manage its currency risk for raw materials purchases. The instruments used by the Company include forward foreign exchange contracts.

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.

For the purposes of hedge accounting, hedges are classified as:
- fair value hedges, when they hedge the exposure to changes in the fair value of a recognised asset or
- cash flow hedges, when they hedge exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Amounts accumulated in equity are transferred to the statement of comprehensive income in the periods when the hedged item affects the statement of comprehensive income, for instance when the forecast sale that is hedged takes place.

At the inception of the transaction, the Company formally designates and documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity remains deferred in equity until the original forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the statement of comprehensive income.

(h) Investments and other financial assets

These financial assets are initially measured at fair value plus, in the case of financial assets at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of financial asset.

The Company classifies its financial assets into the following categories :
(i) Fair value through profit or loss; and
(ii) Amortised costs

(i) Financial assets at fair value through profit or loss

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For traded investments with embedded derivatives, the fair value is determined by a qualified valuer. For investments with no active market, fair values are determined using valuation techniques. The valuation is determined by reference to the current market value of another instrument that is substantially the same. 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.

(ii) Financial assets at amortised cost

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.

(i) Property, plant and equipment

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

(i) Land and Buildings

Freehold land is measured at its fair value. It is the policy of the Company to have an independent valuation every three to five years, with annual appraisals being made by the directors.

Following initial recognition at cost, freehold land is carried at a revalued amount. Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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.

Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Buildings are held at cost less any subsequent accumulated depreciation on buildings. Land and buildings are reduced by any subsequent accumulated impairment losses.

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.

(ii) Plant and equipment

Plant and equipment is measured on the cost basis less accumulated depreciation and impairment losses.

The carrying values of plant and equipment 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.

(iii) 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.

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.

(j) Leases

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.

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.

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.

(k) 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 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).

(l) Assets and liabilities held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from other assets in the balance sheet.

The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet. A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

(m) Trade and other payables

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 unsecured and are usually paid within 30 days of recognition.

(n) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

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

(o) Share-based payment transactions

The Company may provide benefits to employees of the Company in the form of share based compensation, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). Currently the Company operates an Employee Share Plan.

Shares were issued to qualifying employees by way of an interest-free non-recourse loan to the employee. These shares vest to the employee at 25% per year over four years. The cost of these transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The cost is recognised to the statement of comprehensive income together with a corresponding increase in equity over the vesting period. The fair value is determined by using a Binomial Model. Further details are given in Note 23.

(p) Unsecured converting notes

The component of the unsecured converting notes that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs.

On issuance of the unsecured converting notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

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.

Interest on the liability component of the instruments is recognised as an expense in the statement of comprehensive income.

Transaction costs are apportioned between the liability and equity components of the unsecured convertible and converting notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

(q) Mine under construction

Expenditure incurred in constructing a mine by the Company is accumulated in which economically recoverable reserves have been identified. This expenditure includes direct costs of construction, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads. Once a development decision has been taken, all aggregated costs of construction are transferred to non-current assets as either mine development or buildings, plant and equipment as appropriate.

(r) Exploration, evaluation and feasibility expenditure

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

(i) Rights to tenure of the area of interest are current; and

(ii) (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.

(s) 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 recoupment out of future revenue from the sale of production is reasonably assured.

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 reasonably assured, 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.

(t) Deferred mining expenditure

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 and 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.

(u) Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

(v) Provisions for restoration

The Company is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning or rehabilitation program, discounted to its net present value, is provided when the environmental disturbance occurs. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related asset are adjusted and the effect is recognised in the statement of comprehensive income on a prospective basis over the remaining life of the operation.

(w) Contributed equity

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.

Reserved shares

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.

Unsecured converting notes

Each unsecured converting note may be converted into 3 ordinary shares and $1.45 cash every six months commencing 31 December 2012. If there are any unsecured converting notes outstanding at maturity, the Company will redeem them for 3 fully paid ordinary shares and $1.45 cash per converting note. The notes will attract interest at 10.25% per annum paid semi annually.

(x) 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:

(i) 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.

(ii) 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.

(iii) Dividends

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

(iv) Management fees

Revenue is accrued as work is completed and the Company's right to receive payment is established.

(y) Income 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 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.

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 credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- 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.

Tax consolidation legislation

Heemskirk Consolidated Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 27 July 2005.

The parent entity, Heemskirk Consolidated Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Company has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

In addition to its own current and deferred tax amounts, Heemskirk Consolidated Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

(z) 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.

(aa) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTE 2: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise equity investments, cash deposits, unsecured converting notes and bank borrowings.

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. 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 foreign currency risk, price risk and liquidity risk.

Cash flow interest rate risk

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

The Company's policy is to manage its interest cost using a mix of fixed and variable debt. To manage this mix, the Company issued fixed rate unsecured converting notes.

Foreign currency risk

The Company operates in Canada and Australia, and maintains exposure to the Canadian and the U.S. exchange rates. As such, the Company's balance sheet can be affected by movements in these exchange rates. The policy of the Company is to monitor foreign currency exposures and hedge on a case by case basis.

At 30 September 2012, the Company had $1.5m (2011: $nil) foreign exchange forward contracts in place.

Price risk

The Company has substantial holdings in mining and extractive industry stocks, the values of which are impacted by commodity price movements. The Company tracks these holdings as equity investments, and closely monitors the performance and values of these investments.

The policy of the Company is to maintain exposure to commodity price movements at its mining operations. The Company may also use put options, forward contracts and commodity sale contracts to manage its downward price risk.

At 30 September 2012, the Company had no commodity price forward contracts and no put options in place.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. 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. Note 25(c) discloses credit risk and concentration risk issues.

Liquidity risk

The Company's objective is to use cash and cash equivalents, equity investments at fair value and financial assets at amortised cost, bank loans, converting notes and equity to maintain liquidity.

The Company's policy is to maximise liquidity to enable the development of its projects.

Refer to Note 25 for further disclosure on financial risk management objectives and policies.

NOTE 3: 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:

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.

Impairment of assets

The Company assesses each "cash generating unit" yearly, to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is deemed as being the higher of the fair value less costs to sell and value in use calculated in accordance with accounting policy Note 1(k). The fair value less costs to sell and value in use calculations require the use of estimates and assumptions such as discount rates, exchange rates, commodity prices, future operating development and sustaining requirements and operating performance (including the magnitude and timing of related cash flows).

Restoration provision

The Company assesses its restoration provision annually in accordance with accounting policy Note 1(v). Significant judgement is required in determining the provision for restoration as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate sites. Factors that will affect the ultimate liability include future development, changes in technology, price increases and changes in interest rates. When these factors change or become known in the future, such differences will impact the restoration provision in the period in which they change or become known.

Share based payments

The Company measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by using a Binomial Model, using the assumptions detailed in Note 23.

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.

Valuation of shares under escrow and unlisted warrants

The Company has determined the fair value of the shares under escrow using the listed share price and then discounting this value to reflect the escrow period. The key assumptions are detailed in Note 25(e).

The fair value of warrants has been estimated using the Black-Scholes Model taking into account the terms and conditions upon which the warrants were issued. The valuation is determined by reference to comparable share price volatilities.

Exploration and evaluation costs

The Company's accounting policy for exploration and evaluation expenditure is set out in Note 1(r). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available.

NOTE 4: REVENUE FROM CONTINUING OPERATIONS

	2012 $'000	2011 $'000
An analysis of the Company's revenue for the year, from continuing operations, is as follows:		
- sale of goods	18,383	14,349
- dividends received	-	23
- interest received	753	435
Total revenue	19,136	14,807

NOTE 5: EXPENSES FROM CONTINUING OPERATIONS

			2012	2011
Profit/(loss) for year includes the following expenses:			**$'000**	**$'000**
(a)		**Cost of sales**		
		Sale of goods	15,996	12,775
			15,996	12,775
(b)		**Depreciation and amortisation included in statement of comprehensive income**		
		Depreciation of:		
	-	Property, plant and equipment (refer to Note 16)	751	820
		Transferred to discontinued operations	-	(66)
		Total depreciation	751	754
		Amortisation of:		
	-	Mine development (refer to Note 17)	61	8,301
		Transferred to discontinued operations	-	(8,238)
		Total amortisation	61	63
			812	817
(c)		**Finance costs**		
	-	converting notes, leases and overdrafts	569	1,770
	-	unwind of discount on unsecured converting notes	(48)	306
			521	2,076
(d)		**Operating lease payments included in statement of comprehensive income**		
	-	rental expense on operating leases	458	144
(e)		**Employee benefits expense**		
	-	superannuation expense	138	203
	-	share based payment expense	14	6
	-	salaries	2,157	2,104
			2,309	2,313
(f)		**Impairment losses**		
	-	inventories	-	385
	-	bad debts	21	8
			21	393

NOTE 6: INCOME TAX

	2012 $'000	2011 $'000
(a) Income tax expense		
The major components of income tax expense are:		
Income statement		
Current income tax		
Current income tax expense	541	717
Under/(over) provision from previous years	2	(777)
	543	(60)
Deferred tax expense		
Relating to origination and reversal of temporary differences	(38)	10,201
Under/(over) provision from previous years	-	1,111
	(38)	11,312
Income tax expense reported in the statement of comprehensive income	505	11,252
Income tax expense/(benefit) attributable to:		
Continuing operations	683	4,556
Discontinued operations	(178)	6,696
Income tax expense reported in the statement of comprehensive income	505	11,252

(b) Amounts charged or credited directly to equity

Current income tax and deferred income tax related to items charged or credited directly to equity:

	2012 $'000	2011 $'000
Asset revaluation	-	(3)
Converting notes	-	(106)
Income tax expense/(benefit) reported in equity	-	(109)

(c) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Company's applicable income tax rate is as follows:

	2012 $'000	2011 $'000
Accounting profit/(loss) before tax	(1,750)	7,876
At the Company's statutory income tax rate of 30% (2011: 30%)	(525)	2,363
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impact of different foreign tax rates	(17)	38
Other expenses	17	238
Under provided for in prior years	1	334
Sale of subsidiaries	-	2,922
Derecognition of current and prior year tax losses	1,033	5,119
Debt forgiveness - foreign subsidiary	(2)	(205)
Foreign exchange (gains)/losses and other translation adjustments	(2)	443
Income tax expense reported in the statement of comprehensive income	505	11,252

(d) Recognised deferred tax assets and liabilities

	2012 $'000 Current income tax	2012 $'000 Deferred income tax	2011 $'000 Current income tax	2011 $'000 Deferred income tax
Opening balance	(208)	(305)	-	10,898
Charged to income	(543)	38	60	(11,312)
Charged to equity	-	-	-	109
Other payments/tax losses not recognised	603	3	(268)	-
Closing balance	(148)	(264)	(208)	(305)
Tax expense in statement of comprehensive income		505		11,252
Amounts recognised in the statement of financial position:				
Deferred tax asset		-		-
Deferred tax liability		(264)		(305)
		(264)		(305)

	Balance Sheet 2012 $'000	Balance Sheet 2011 $'000
Deferred income tax at 30 September relates to the following:		
Deferred tax liabilities		
Mine development	(395)	(126)
Contract establishment costs	-	-
Financial instruments	-	-
Accelerated depreciation: plant and equipment, motor vehicles	(384)	(600)
Unrealised (gains)/losses	-	(209)
	(779)	(935)
Less set-off of deferred tax assets	514	630
Net deferred tax liabilities	(264)	(305)
Deferred tax assets		
Property, plant and equipment	114	149
Mine development	48	-
Provisions for employee entitlements	-	-
Capital raising costs	-	209
Sale of HSK Gold Australia Pty Ltd	-	-
Tax value of tax losses carried forward	352	272
	514	630
Less set-off of deferred tax assets	(514)	(630)
Net deferred tax assets	-	-

(e) Tax Losses

The Company has capital and income tax losses for which no deferred tax asset is recognised on the statement of financial position of $10.952 million (2011: $7.515 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			
Later than ten years and not later than twenty years	-	6,170	6,170
Unlimited	31,299	-	31,299
	31,299	6,170	37,469
Capital tax losses			
Unlimited	-	-	-
	-	-	-
Gross amount of tax losses not recognised	31,299	6,170	37,469
Tax effect of total losses not recognised	9,390	1,542	10,932

(f) Tax Consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

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.

(ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting
The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied The Stand Alone Taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes. The nature of the tax funding agreement is discussed further below.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

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. The terms and conditions for these transactions are disclosed in Note 29(c).

(g) TOFA impact

Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions. The Company has assessed the potential impact of these changes on the group's tax position. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances at 30 September 2012 (2011: $nil).

NOTE 7: DISCONTINUED OPERATIONS

The financial information in relation to discontinued operations is summarised below:

		2012 $'000	2011 $'000
Operating profit after income tax from HSK Gold Australia Pty Ltd		-	26
Gain on sale after income tax from HSK Gold Australia Pty Ltd		-	17,309
Total gain after income tax from sale of HSK Gold Australia Pty Ltd	(a)	-	17,335
Operating loss after income tax from Spain		1,198	(2,149)
Loss on sale after income tax from Spain		(28)	(8,216)
Total loss after income tax from sale of Spain	(b)	1,170	(10,365)
Net gain/(loss) after income tax from discontinued operations		**1,170**	**6,970**

(a) HSK Gold Australia Pty Ltd (HGA)

On 16 September 2010, the Company entered into a sale agreement with Conquest Mining Limited to dispose of its subsidiary, HSK Gold Australia Pty Ltd (HGA). The sale was approved by shareholders on 29 October 2010 and completed on 3 November 2010. Through HGA, the Company owned a 40% interest in the Pajingo Mine Joint Venture. Total consideration (based on the Conquest share price at 3 November 2010) was $42.592 million comprising $27.0 million cash, $13.706 million Conquest shares and $1.886 million working capital. The profit after tax on the transaction is $17.309 million.

(i) *The results of HGA are as follows:*

	2012 $'000	2011 $'000
Revenue	-	1,500
Cost of sales	-	(1,423)
Gross Profit	**-**	**77**
Depreciation and amortisation expense	-	-
Corporate costs	-	(21)
Finance costs	-	(28)
Other expenses	-	(2)
Impairment expenses	-	-
Profit/(loss) before tax	**-**	**26**
Income tax (expense)/benefit	-	-
Profit/(loss) after income tax from discontinued operation	**-**	**26**
Earnings per share (EPS)		
Basic earnings per share (cents)	-	0.02
Diluted earnings per share (cents)	-	0.02

(ii) *Gain on Sale:*

	2012 $'000	2011 $'000
Consideration received	-	42,592
Carrying amount of net assets sold	-	(17,109)
Transaction costs	-	(1,010)
Gain on sale before income tax from HGA	**-**	**24,473**
Income tax expense	-	(7,164)
Gain on sale after income tax from HGA	**-**	**17,309**

(iii)	*Carrying amount of net assets sold*	**Nov 2010 $'000**
	Cash and cash equivalents	134
	Trade and other receivables	1,753
	Inventories	2,087
	Other current assets	451
	Property, plant and equipment	5,082
	Mine development	12,741
	Trade and other payables	(1,916)
	Interest bearing loans and liabilities	(188)
	Provisions	(3,036)
	Net Assets	**17,109**

(iv)	*The net cash flows of HGA are as follows:*	**2012 $'000**	**2011 $'000**
	Net cash flows from operating activities	-	640
	Net cash flows from investing activities	-	22,044
	Net cash provided by discontinued operations	**-**	**22,684**

(b) Spain

On 12 April 2011, the company announced that a Sale and Purchase Agreement was executed with Almonty Partners LLC for the sale of its 100% owned Los Santos tungsten operations into Almonty Industries Inc. The sale was approved by shareholders on 23 May 2011 and completed on 23 September 2011.

Total consideration was $21.288 million comprising US$14.0 million cash, 5.56 million CAD$1 shares and 3.70 million CAD$1.25 warrants in Almonty Industries Inc. The shares have been classified as equity investments (refer to Note 15).

	cents per security	$'000
Consideration Received (converted to A$)		
US$14 million cash		14,344
5.56 million CAD$1 shares *	95	5,255
3.70 million CAD$1.25 warrants **	46	1,689
		21,288

* 75% of the CAD$1 shares (4.17 million) were issued under escrow until 23 March 2013 and vest at a rate of 1.39 million shares every six months commencing 23 December 2011. These are reported at fair value of $3.870 million using the listed share price and discounting this value to reflect the escrow period as described in Note 25(e).

** The warrants, which are exercisable for three years up to 23 March 2014, can be converted into fully paid shares at a conversion price of CAD$1.25 each. These are reported at fair value using the Black-Scholes Model described in Note 15(a)(ii).

(i)	*The results of Spain are as follows***:*	2012 $'000	2011 $'000
	Revenue	2,195	15,313
	Cost of sales	(1,161)	(10,100)
	Gross Profit	**1,034**	**5,213**
	Depreciation and amortisation expense	-	(8,304)
	Corporate costs	-	(28)
	Finance costs	(14)	(155)
	Other income/(expenses)	-	664
	Impairment losses	-	(7)
	Profit/(loss) before tax	**1,020**	**(2,617)**
	Income tax (expense)/benefit	178	468
	Profit/(loss) after tax	**1,198**	**(2,149)**
	Earnings per share (EPS)		
	Basic earnings per share (cents)	0.78	(1.38)
	Diluted earnings per share (cents)	0.75	(1.33)

*** The transactions for the period 1 October 2011 to 30 September 2012 relate to tungsten inventory owned by the Company that was in transit to the customer at 23 September 2011 and sold during the year ended 30 September 2012.

(ii)	*Loss on Sale:*	2012 $'000	2011 $'000
	Consideration received	-	21,288
	Carrying amount of net assets sold	-	(20,204)
	Transaction costs	(28)	(1,130)
	Foreign currency translation reserve recycling	-	(8,170)
	Loss on sale before income tax from Spain	**(28)**	**(8,216)**
	Income tax expense	-	-
	Loss on sale after income tax from Spain	**(28)**	**(8,216)**

(iii)	*Carrying amount of net assets sold*	Sep 2011 $'000
	Cash and cash equivalents	280
	Trade and other receivables	815
	Inventories	2,450
	Other current assets	230
	Property, plant and equipment	853
	Mine development	19,318
	Trade and other payables	(3,346)
	Interest bearing loans and liabilities	(50)
	Provisions	(346)
	Net Assets	**20,204**

(iv)	*The net cash flows of Spain are as follows:*	2012 $'000	2011 $'000
	Net cash flows from operating activities	750	4,877
	Net cash flows from investing activities	-	7,494
	Net cash flows from financing activities	-	314
	Net cash provided by discontinued operations	**750**	**12,685**

NOTE 8 : KEY MANAGEMENT PERSONNEL

(a) Names and positions held by Directors and Key Management Personnel in office at any time during the financial year are:

Directors	
Peter John Bird	Executive Director (appointed 1 December 2011)
Garry Cameron	Non-Executive Director
William Alexander Hansen	Non-Executive Director
Graham Lenzner	Non-Executive Director
Kevin Peter Robinson	Executive Director (retired 1 December 2011)
John Taylor	Non-Executive Director
Executives	
Mark Flook	Executive General Manager
Stephen Gray	Company Secretary (appointed 1 June 2012) and Financial Controller
Alan Minty	President Heemskirk Canada
Colin Walker	Company Secretary (retired 31 May 2012)

There were no changes to the directors and executives after the reporting date and before the date the financial report was authorised for issue.

(b) Compensation of key management personnel by category:

	2012 $'000	2011 $'000
Short-term employee benefits	1,822	1,916
Post-employment benefits	174	161
Share-based payments	6	4
Termination benefits	510	65
	2,512	2,146

During the year, there were nil (2011: nil) executive and other fees paid by the Company to entities controlled by directors.

(c) Equity instruments of key management personnel issued by Heemskirk Consolidated Limited:

The disclosure relating to interests in equity instruments of key management personnel includes equity instruments held by personally related entities, relatives and the spouses of relatives and any entity under the joint or several control or significant influence of the person.

All other equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

30 September 2012

	Balance 1.10.2011				Period ended 30.09.2012					Balance 30.09.2012			
Director	Ordinary Shares	Class A $0.25 Ordinary Shares	Class B $0.50 Ordinary Shares	Unsecured Convertible Notes	Class A Conversion to Ordinary Shares[4]	Class B Conversion to Ordinary Shares[4]	Options Exercised	Net Change Other Shares[1]	Net Change Convertible Notes[2]	Ordinary Shares	Class A $0.25 Ordinary Shares	Class B $0.50 Ordinary Shares	Unsecured Convertible Notes
Peter Bird [4]	5,952,659	-	-	-	-	-	-	-	-	5,952,659	-	-	-
Garry Cameron	50,000	-	-	-	-	-	-	125,000	-	175,000	-	-	-
William (Lex) Hansen	268,466	100,000	500,000	-	-	-	-	-	-	268,466	100,000	500,000	-
Graham Lenzner	700,000	-	-	-	-	-	-	200,000	-	900,000	-	-	-
Kevin Robinson [5]	7,604,321	-	-	-	-	-	-	(7,604,321)	-	-	-	-	-
John Taylor	300,000	-	-	-	-	-	-	200,000	-	500,000	-	-	-
Total	14,875,446	100,000	500,000	-	-	-	-	(7,079,321)	-	7,796,125	100,000	500,000	-

	1.10.2011		Period ended 30.09.2012			Balance 30.09.2012	
Executive	Ordinary Shares	Employee Share Plan (vested)	Employee Share Plan[3]	Employee Share Plan (expired)	Net Change Other Shares[1]	Ordinary Shares	Employee Share Plan (vested)
Mark Flook	1,950,001	-	-	-	-	1,950,001	-
Stephen Gray [6]	39,893	54,194	-	-	-	39,893	54,194
Andrew McIlwain [7]	-	250,000	-	(250,000)	-	-	-
Alan Minty	191,734	-	-	-	-	191,734	-
Colin Walker	-	22,097	13,957	-	-	-	36,054
Total	2,181,628	326,291	13,957	(250,000)	-	2,181,628	90,248

(1) Net change other refers to shares purchased or sold during the financial year.
(2) Net change refers to unsecured convertible notes purchased, sold or redeemed during the financial year.
(3) Ordinary shares vested during the period ended 30 September 2012 under the Employee Share Plan.
(4) Peter Bird classified as Director for 2012 following his appointment to the Board on 1 December 2011.
(5) Kevin Robinson retired as Director for 2012 following his retirement from the Board on 1 December 2011.
(6) Stephen Gray opening balance on appointment to Company Secretary on 1 June 2012.
(7) Andrew McIlwain retired on 8 March 2011.

Director	Balance 1.10.2010 Ordinary Shares	Class A $0.25 Ordinary Shares	Class B $0.50 Ordinary Shares	Unsecured Convertible Notes	Period ended 30.09.2011 Class A Conversion to Ordinary Shares	Class B Conversion to Ordinary Shares	Options Exercised	Net Change Other Shares(1)	Net Change Convertible Notes(2)	Balance 30.09.2011 Ordinary Shares	Class A $0.25 Ordinary Shares	Class B $0.50 Ordinary Shares	Unsecured Convertible Notes
Garry Cameron	-	-	-	-	-	-	-	50,000	-	50,000	-	-	-
William (Lex) Hansen	268,466	100,000	500,000	-	-	-	-	-	-	268,466	100,000	500,000	-
Ross Herron (4)	528,003	-	-	-	-	-	-	-	-	528,003	-	-	-
Bruce Kay (4)	1,230,466	-	1,000,000	10,000	-	-	-	-	(10,000)	1,230,466	-	1,000,000	-
Graham Lenzner	-	-	-	-	-	-	-	700,000	-	700,000	-	-	-
Kevin Robinson	7,604,321	-	-	-	-	-	-	-	-	7,604,321	-	-	-
John Taylor	-	-	-	-	-	-	-	300,000	-	300,000	-	-	-
Total	9,631,256	100,000	1,500,000	10,000	-	-	-	1,050,000	(10,000)	10,681,256	100,000	1,500,000	-

Executive	Balance 1.10.2010 Ordinary Shares	Employee Share Plan (vested)	Period ended 30.09.2011 Employee Share Plan(3)	Employee Share Plan (expired)	Net Change Other Shares(1)	Balance 30.09.2011 Ordinary Shares	Employee Share Plan (vested)
Peter Bird (5)	5,952,659	-	-	-	-	5,952,659	-
Paul Berndt (6)	-	-	-	-	-	-	-
Mark Flook	1,950,001	-	-	-	-	1,950,001	-
Andrew McIlwain (7)	-	-	250,000	-	-	-	250,000
Alan Minty	7,563	-	-	-	184,171	191,734	-
Colin Walker	44,000	12,836	9,261	-	-	44,000	22,097
Total	7,954,223	12,836	259,261	-	184,171	8,138,394	272,097

(1) Net change other refers to shares purchased or sold during the financial year.
(2) Net change refers to unsecured convertible notes purchased, sold or redeemed during the financial year.
(3) Ordinary shares issued during the period ended 30 September 2011 under the Employee Share Plan vest to the employees over 4 years in equal instalments of 25% in March 2012, March 2013, March 2014 and March 2015.
(4) Shareholdings were current at retirement date.
(5) Peter Bird classified as Other Key Management Personnel for 2011 following his retirement from the Board on 24 February 2011.
(6) Estimated for 2011, following the sale of Spain on 23 September 2011 Paul Berndt ceased being a KMP of the Company.
(7) Andrew McIlwain retired on 8 March 2011.

NOTE 9: AUDITORS' REMUNERATION

	2012 $	2011 $
The auditor of Heemskirk Consolidated Limited is Ernst & Young.		
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- an audit or review of the financial report of the entity and any other entity in the consolidated group	140,000	178,050
- other assurance services associated with the sale of Spain	-	197,500
- transaction advisory services	-	204,485
Amounts received or due and receivable by Ernst & Young (Canada) for:		
- an audit or review of the financial report of the entity and any other entity in the consolidated group	66,900	65,578
- tax advisory services	-	56,234
Amounts received or due and receivable by Ernst & Young (Spain) for:		
- an audit or review of the financial report of the entity and any other entity in the consolidated group	-	8,600
	206,900	710,447

NOTE 10: DIVIDENDS PAID AND PROPOSED

	2012 $'000	2011 $'000
(a) Recognised amounts		
Declared during the year:		
Dividends on ordinary shares:		
Final fully franked dividend in respect of 2011: 0 cents (2010: 0 cents)	-	-
Paid during the year		
Dividends on ordinary shares:		
Final fully franked dividend in respect of 2011: 0 cents (2010: 0 cents)	-	-
(b) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking credit balance as at 1 October	866	1,181
- Tax paid/(refunded)	-	(320)
- Franked dividends paid	-	-
- Franked dividends received	-	5
Franking credit balance as at 30 September	866	866
The amount of franking credits available for future reporting periods:		
- Impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	-	-
- Franking credits/(debits) that will arise from the payment/(refund) of the amount of the provision for income tax	-	-
	866	866

(c) Tax rates

The tax rate at which paid dividends have been franked is 30% (2011: 30%).

NOTE 11: EARNINGS PER SHARE

(a) Earnings used in calculating earnings per share	2012 $'000	2011 $'000
The following reflects the income used in the basic earnings per share computations:		
For basic earnings per share:		
Net profit/(loss) from continuing operations	(3,389)	(10,345)
Net profit/(loss) from discontinued operations	1,170	6,970
Net profit/(loss)	(2,219)	(3,375)
For diluted earnings per share:		
Net profit/(loss) (from basic EPS)	(3,389)	(10,345)
Tax effect interest on unsecured convertible notes - liability	219	1,269
Net profit/(loss)	(3,170)	(9,076)

(b) Weighted average number of shares	2012 *Thousand*	2011 *Thousand*
Weighted average number of ordinary shares for basic earnings per share	154,139	155,186
Effect of dilution:		
Converted debt securities	5,667	5,667
Reserved shares	89	210
Weighted average number of ordinary shares for the effect of dilution	159,895	161,063

(c) Earnings per share (EPS)	2012 *Cents per share*	2011 *Cents per share*
Basic EPS from continuing operations	(2.20)	(6.67)
Basic EPS from discontinued operations	0.76	4.50
Diluted EPS from continuing operations	(2.20)	(6.67)
Diluted EPS from discontinued operations	0.76	4.50

Because diluted earnings per share is increased when taking the unsecured converting notes into account, the unsecured converting notes are anti-dilutive and as such are excluded from the calculation of diluted earnings per share.

NOTE 12: CASH AND CASH EQUIVALENTS

	2012 $'000	2011 $'000
Cash at bank and in hand	4,340	12,693
Short term deposit	5,086	4,000
Total cash and cash equivalents as per the statement of cash flows	9,426	16,693

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.

NOTE 13: TRADE AND OTHER RECEIVABLES

	Note	2012 $'000	2011 $'000
Current			
Trade receivables	*(i)*	1,693	2,544
Goods and services tax		28	54
Other debtors		83	254
		1,804	2,852

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the balance sheet and notes to the financial statements.

Refer to Note 25(c) for the Company's material credit risk exposure.

(i) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30 day terms. An allowance for impairment loss is recognised when there is objective evidence that a trade receivable is impaired. There was a $0.021 million impairment loss for 2012 (2011: $0.008 million).

NOTE 14: INVENTORIES

	2012 $'000	2011 $'000
Current		
Raw materials and stores (at cost or NRV)	4,251	2,706
Finished goods (at cost or NRV)	256	1,356
Total inventories at cost and net realisable value	4,507	4,062

Inventory expense

Inventories recognised as an expense for continuing operations for the year ended 30 September 2012 totalled $13.716 million (2011: $10.793 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 (2011: $0.356 million).

NOTE 15: OTHER FINANCIAL ASSETS

		2012 $'000	2011 $'000
Current			
Equity investments	(a)	7,087	6,554
Term deposit	(b)	4,236	2,000
		11,323	8,554
Non Current			
Equity investments (Almonty Industries Inc.)	(a)	-	1,226
Term deposit	(b)	-	55
		-	1,281
		11,323	9,835

(a) Equity investments comprise financial assets measured at fair value through profit and loss

		2012 $'000	2011 $'000
Current			
Listed investments	*(i)*	5,891	4,831
Unlisted investments (Almonty warrants)	*(ii)*	1,196	1,723
		7,087	6,554
Non Current			
Listed investments	*(i)*	-	1,226
		-	1,226

Equity investments consist of investments in equities and warrants and therefore have no fixed maturity date.

(i) Listed shares

The fair value of listed equity investments has been determined per Note 1(h)(i).

The company determined the fair value of the Almonty Industries Inc. shares under escrow per Note 25(e).

(ii) Unlisted shares and warrants

Valuation assumptions

The fair value of the unlisted equity investments has been estimated using the valuation techniques based on assumptions that are not supported by observable market prices or rates. The valuation is determined by reference to the current market value of another instrument that is substantially the same. The related changes in fair value recorded in profit and loss are reasonable and the most appropriate at the balance sheet date.

The fair value of warrants has been estimated using the Black-Scholes Model taking into account the terms and conditions upon which the warrants were issued. The valuation is determined by reference to comparable share price volatilities.

(b) Term Deposits

	2012 $'000	2011 $'000
Current		
Term Deposit - NAB	4,236	2,000
Non-current		
Term Deposit - NAB	-	55

Interest rates and maturity

The NAB current term deposit attracts interest at 3.8% (2011: 5.86 %) and matures 12 December 2012.
The NAB non-current term deposit attracted interest at nil% (2011: 5.30%).

NOTE 16: PROPERTY, PLANT AND EQUIPMENT

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

	Freehold Land $'000	Buildings $'000	Plant and Equipment $'000	Computer Hardware and Software $'000	Motor Vehicles $'000	Leasehold Improve-ments $'000	Total $'000
Year ended 30 September 2012							
At 1 October 2011, net of accumulated depreciation	2,622	926	3,334	114	78	18	7,092
Additions	-	42	205	53	-	-	300
Disposals at written-down value	-	(31)	(131)	(24)	-	-	(186)
Revaluation	-	-	-	-	-	-	-
Depreciation charge for the year	-	(57)	(627)	(39)	(21)	(8)	(751)
Transfers to discontinued operations	-	-	-	-	-	-	-
Foreign currency increase / (decrease)	(21)	(8)	(27)	-	(1)	-	(56)
At 30 September 2012 net of accumulated depreciation	2,601	872	2,754	104	56	10	6,398
At 30 September 2012							
Cost or fair value	2,601	1,083	5,794	237	554	117	10,386
Accumulated depreciation	-	(211)	(3,040)	(133)	(498)	(107)	(3,988)
Net carrying amount	2,601	872	2,754	104	56	10	6,398
Year ended 30 September 2011							
At 1 October 2010, net of accumulated depreciation	2,692	978	4,478	30	76	27	8,281
Additions	-	22	460	129	33	-	644
Disposals at written-down value	-	-	-	(2)	-	-	(2)
Revaluation	(25)	-	-	-	-	-	(25)
Depreciation charge for the year	-	(57)	(680)	(43)	(31)	(9)	(820)
Transfers to discontinued operation	-	-	(853)	-	-	-	(853)
Foreign currency increase / (decrease)	(45)	(17)	(71)	-	-	-	(133)
At 30 September 2011 net of accumulated depreciation	2,622	926	3,334	114	78	18	7,092
At 1 October 2010							
Cost or fair value	2,692	1,094	20,285	300	715	44	25,130
Accumulated depreciation	-	(116)	(15,807)	(270)	(639)	(17)	(16,849)
Net carrying amount	2,692	978	4,478	30	76	27	8,281
At 30 September 2011							
Cost or fair value	2,622	1,098	6,249	213	559	119	10,860
Accumulated depreciation	-	(172)	(2,915)	(100)	(481)	(100)	(3,768)
Net carrying amount	2,622	926	3,334	114	78	19	7,092

(b) Revaluation of freehold land

The Company engages accredited independent valuers to determine the fair value of its freehold land. Fair value is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for land and buildings comparable in size and location to those held by the Company, and to market based yields for comparable properties. The effective date of the revaluation was September 2011 and the impact was a revaluation decrease of $nil (2011: $0.025 million).

(c) Carrying amount if land was measured at cost

If land was measured using the cost model the carrying amount would be as follows:

	2012 $'000	2011 $'000
Cost	449	449
Accumulated depreciation	-	-
Net carrying amount	449	449

(d) Property, plant and equipment pledged as security for liabilities

Plant and equipment with a carrying amount of $5.849 million (2011: $6.467 million) are pledged as securities for non-current liabilities as disclosed in Note 19(e).

NOTE 17: EXPLORATION, EVALUATION AND MINE DEVELOPMENT

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

	Development $'000	Exploration and Evaluation $'000	Mine Development $'000	Total $'000
YEAR ENDED 30 SEPTEMBER 2012				
At 1 October 2011, net of accumulated amortisation	-	967	569	1,536
Additions	-	2,221	38	2,259
Impairment	-	-	-	-
Amortisation charge for the year	-	-	(61)	(61)
Transfers to discontinued operations	-	-	-	-
Foreign currency increase/(decrease)	-	65	(4)	61
At 30 September 2012, net of accumulated amortisation	-	3,253	542	3,795
At 30 September 2012				
Cost or fair value	-	3,253	840	4,093
Accumulated amortisation	-	-	(298)	(298)
Net carrying amount	-	3,253	542	3,795
YEAR ENDED 30 SEPTEMBER 2011				
At 1 October 2010, net of accumulated amortisation	33	15	21,904	21,952
Additions	-	959	6,750	7,709
Impairment	(34)	-	-	(34)
Amortisation charge for the year	-	-	(8,301)	(8,301)
Transfers to discontinued operations	-	-	(19,318)	(19,318)
Foreign currency increase/(decrease)	1	(7)	(465)	(472)
At 30 September 2011, net of accumulated amortisation	-	967	569	1,536
At 1 October 2010				
Cost or fair value	33	15	65,338	65,386
Accumulated amortisation	-	-	(43,434)	(43,434)
Net carrying amount	33	15	21,904	21,952
At 30 September 2011				
Cost or fair value	-	967	808	1,775
Accumulated amortisation	-	-	(239)	(239)
Net carrying amount	-	967	569	1,536

NOTE 18: TRADE AND OTHER PAYABLES

		2012 $'000	2011 $'000
Current			
Trade payables	*(i)*	1,848	1,539
Sundry creditors and accrued expenses		2,026	1,284
		3,874	2,823

(i) *Trade and sundry creditors*
Trade payables, sundry payables and accrued expenses are non-interest bearing and are normally settled on 30 to 45 day terms.

NOTE 19: INTEREST BEARING LOANS AND BORROWINGS

		2012 $'000	2011 $'000
Current			
Secured Liabilities			
Obligations under finance leases and hire purchase contracts (Note 26)	(a)	15	16
Bank overdraft	(b)	2,112	4,220
Secured loans		-	-
Unsecured Liabilities			
Convertible notes - unsecured	(c)	2,739	-
Other loans (unsecured)		115	70
		4,981	4,306
Non-current			
Secured Liabilities			
Obligations under finance leases and hire purchase contracts (Note 26)	(a)	18	32
Unsecured Liabilities			
Converting notes - unsecured	(c)	159	2,947
		177	2,979

For terms and conditions attached to each type of borrowing, refer to section (b) below and to Note 26 for finance leases.

(a) Fair values

The carrying amount of the Company's current and non-current borrowings approximates their fair value.

(b) Terms and conditions

The bank overdraft is secured by a floating charge and a first mortgage as described in section (e) below.

(c) Converting notes - unsecured comprise:

On 31 March 2011, the Company issued 1,889,000 unsecured converting notes with an issue price of $2.00. Each unsecured converting note may be converted into 3 ordinary shares and $1.45 cash every six months commencing 31 December 2012. If there are any unsecured converting notes outstanding at maturity, 31 March 2015, the Company will convert them for 3 fully paid ordinary shares and $1.45 cash per note. The notes attract interest at 10.25% per annum paid semi annually.

Unsecured converting notes are disclosed based on the potential impact on liquidity, such as when cash payments are due within one year they are disclosed as current liabilities.

The fair value of the unsecured converting notes approximates its carrying value.

(d) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	2012 $'000	2011 $'000
Total facilities:		
Bank overdraft	4,881	4,920
Loans and finance leasing	635	612
	5,516	5,532
Facilities used at reporting date:		
Bank overdraft	2,112	4,220
Loans and finance leasing	146	120
	2,258	4,340
Facilities unused at reporting date:		
Bank overdraft	2,768	700
Loans and finance leasing	488	492
	3,256	1,192

(e) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

	2012 $'000	2011 $'000
Current		
Floating charge		
Cash and cash equivalents	1,319	522
Inventory	4,409	3,016
Receivables	1,693	2,536
Total current assets pledged as security	7,421	6,074
Non-current		
Fixed charge or security interest		
Land	2,245	2,263
Buildings	869	926
Plant and equipment	2,710	3,232
Finance Lease		
Plant and equipment	25	46
Total non-current assets pledged as security	5,849	6,467
Total assets pledged as security	13,270	12,541

NOTE 20: PROVISIONS

	2012 $'000	2011 $'000
Current		
Annual leave	322	415
Long service leave	108	-
Contingent settlement	104	-
	534	415
Non-current		
Long service leave	21	151
Restoration	113	105
	134	256

(a) Movements in provisions

Movements in restoration provision during the financial year:

	Restoration $'000
At 1 October 2011	105
Arising during year	8
Utilised	-
At 30 September 2012	113
Current 2012	-
Non-current 2012	113
	113
Current 2011	-
Non-current 2011	105
	105

(b) Nature and timing of provisions

Employee benefits

A provision is recognised for annual leave and long service leave when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Restoration

Provision is made where it is necessary for the Company to undertake environmental and other works at mining operations to comply with terms governing the issue of permits and licences or to adhere to the group's stated environmental polices. The directors' estimates of such obligations take account of the present value of future obligations. Typically most restoration work is completed at the end of the mining project although in some circumstances certain areas of the mining operations may be rehabilitated progressively as it is determined mining activity in a particular area has been completed, (refer Note 1(v)).

Contingent Settlement

In conjunction with the Founder's Plan settlement announced 28 July 2010, a loan facility was made available to the Founder's to assist with discharging any Australian taxation liability as a result of the settlement. The Founders have advised the Company that the actual draw down of the facility is not expected to exceed $0.230 million. The draw down of the facility as at 30 September 2012 is nil.

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 (contingent settlement) in relation to the Managing Director of $104,000 as at 30 September 2012.

NOTE 21: OTHER LIABILITIES

		2012 $'000	2011 $'000
Current			
Revenues received in advance	(i)	-	1,349
		-	1,349

(i) Deposit received from delivery of tungsten shipments $nil (2011: $1.349 million).

NOTE 22: CONTRIBUTED EQUITY

		2012 $'000	2011 $'000
154,104,876 (30/09/11: 154,104,876) fully paid ordinary shares	(a)	79,842	79,842
2,088,860 (30/9/11: 2,088,860) reserved shares	(b)	(677)	(677)
100,000 (30/09/11: 100,000) Class A $0.25 ordinary shares (paid to $0.01)	(c)	1	1
1,500,000 (30/09/11: 1,500,000) Class B $0.50 ordinary shares (paid to $0.01)	(d)	15	15
1,889,000 (30/09/11: 1,889,000) Converting notes unsecured, matures 31/03/2015	(e)	2,003	2,003
		81,184	81,184

(a) Ordinary shares

	Shares thousands	$'000
At 1 October 2010	154,105	79,631
Capital raising costs - reversed on sale of Spain	-	215
31 March 2011 - ESP shares assigned	-	(4)
At 30 September 2011	154,105	79,842
31 March 2012 - ESP shares assigned	-	-
As at 30 September 2012	154,105	79,842

Unissued shares

There are no remaining options over unissued ordinary shares of the parent entity or obligations in contract to issue ordinary shares in the parent entity, other than those attributed to the unsecured converting notes.

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.

		Shares thousands	$ '000
(b) Reserved shares			
At 1 October 2010		2,089	(681)
1 March 2011 - ESP shares expired and used for issue		(232)	62
1 March 2011 - ESP - shares issued	(i)	232	(62)
31 March 2011 - ESP assigned		-	4
At 1 October 2011		2,089	(677)
1 March 2012 - ESP shares expired and used for issue		(428)	60
1 March 2012 - ESP - shares issued	(i)	428	(60)
31 March 20112 - ESP assigned		-	-
At 30 September 2012		2,089	(677)

The Company's own equity instruments are reacquired for later use in employee share-based payment arrangements (reserved shares) and are deducted from equity.

(i) The shares were issued at a price of 14 (2011: 27) cents per share. Under current accounting standards and pronouncements 'fair value' of the issue is recognised as an employee benefit expense over the term of the benefit. The standards and pronouncements also require that equity be recognised at fair value at the date of the grant and that additional amounts are only recognised upon re-payment of the loan provided.

Vesting

The employee shares issued during the year vest to the employee at the rate of 25% annually under the terms described in Note 23(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
- do not have the right to vote at meetings of members of the parent entity.

	Shares thousands	$'000
(c) Class A $0.25 ordinary shares		
Partly paid		
At 1 October 2011	100	1
At 30 September 2012	100	1
(d) Class B $0.50 ordinary shares		
Partly paid		
At 1 October 2011	1,500	15
At 30 September 2012	1,500	15

Issue terms

Each partly paid share:

- was issued at 1 cent;
- at 30/9/2011 has an amount unpaid of:
  - (i) for Class A partly paid shares - 24.00 cents; and
  - (ii) for Class B partly paid shares - 49.00 cents.

(e) Convertible and converting notes - unsecured

		Shares thousands equivalent	**$'000**
At 1 October 2010		9,666	1,239
Converted during year ended 30 September 2011		(932)	-
Redeemed/buy back during the year ended 30 September 2011		(8,734)	-
Issued during the year ended 30 September 2011		5,667	792
Transaction costs		-	(28)
At 1 October 2011		5,667	2,003
Converted during year ended 30 September 2012		-	-
Redeemed/buy back during the year ended 30 September 2012		-	-
Issued during the year ended 30 September 2012		-	-
Transaction costs		-	-
At 30 September 2012	(i)	5,667	2,003

The unsecured convertible and converting notes issued contain both an equity and a debt component. The balance of $2.003 million (2011: $2.003 million) represents the component of the notes recognised directly in equity. The liability component of the notes is reflected in interest bearing loans and borrowings (refer to Note 19).

Voting and other rights

- carries the right to participate in new issues of securities to holders of shares (except bonus issues) on the same basis as holders of ordinary shares;
- carries the right to participate in bonus issues of securities in the proportion which the amount paid bears to the total amounts paid and payable;
- carries the right to vote in the proportion which the amount paid bears to the total amounts paid and payable; and
- carries the right upon conversion to ordinary shares to receive dividends and distributions in the proportion which the amount paid bears to the total amounts paid and payable.

(i) Each unsecured converting note may be converted into 3 ordinary shares and $1.45 cash every six months commencing 31 December 2012. If there are any unsecured converting notes outstanding at maturity, the Company will convert them for 3 fully paid ordinary shares and $1.45 cash per note. The notes attract interest at 10.25% per annum paid semi annually.

NOTE 23: SHARE BASED PAYMENT PLAN

(a) Recognised share-based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	2012 $'000	2011 $'000
Expense arising from equity-settled share-based payment transactions	14	9
Total expense arising from share-based payment transactions	14	9

The share-based payment is described below.

(b) Types of share-based payment

Employee Share Plan ("ESP")
Shares maybe granted to employees, with more than 12 months' service, to align interests with those of shareholders to increase the value of the Company's shares. Under the terms of grant, the share price was set by reference to the market price of the shares on the date of grant and previous share issues by the Company. 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.

(c) Summary of ESP shares granted

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

	2012 ***No.***	2012 *WAIP*	2011 ***No.***	2011 *WAIP*
Outstanding at the beginning of the year	553,695	0.43	1,056,776	0.49
Granted during the year	427,916	0.14	232,240	0.18
Expired during the year	(360,664)	-	(735,321)	-
Outstanding at the end of the year	620,947	0.26	553,695	0.43

* The weighted average share price at the date of issue, and the 4 days prior to issue, was $0.13 (2011:$0.27). The weighted average of the remaining contractual life of ESP shares granted is 1.4 (2011: 2.2) years.

(d) 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. Under those principles the fair value of ESP issued during the year was $0.02 (2011: $0.03).

(e) Fair Value pricing model: ESP

Equity-settled transactions

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 2012:

Model used	Binomial
Forecast dividend yield (%)	0.00
Expected volatility (%)	60.00
Risk-free interest rate (%)	4.00
Expected life (years)	4.00
Employee exit rate (%)	39.00
Exercise multiple (times)	1.00
Issue price ($)	0.14
Weighted average share price at measurement date ($)	0.13

The following table lists the key assumptions to the model used for the year ended 30 September 2011:

Model used	Binomial
Forecast dividend yield (%)	0.00
Expected volatility (%)	60.00
Risk-free interest rate (%)	5.12
Expected life (years)	4.00
Employee exit rate (%)	60.00
Exercise multiple (times)	1.00
Issue price ($)	0.18
Weighted average share price at measurement date ($)	0.27

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 (2011: 1:1) relationship.

NOTE 24: RETAINED EARNINGS AND RESERVES

	2012 $'000	2011 $'000
(a) Movement in retained earnings were as follows:		
Balance 1 October	(53,738)	(50,363)
Net profit/(loss)	(2,219)	(3,375)
Dividends	-	-
Balance 30 September	(55,957)	(53,738)

(b) Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements in the fair value of land.

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign-controlled subsidiaries.

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.

Foreign currency translation losses of $nil (2011: $8.170 million) previously recognised in equity and relating to Spain, was transferred to the statement of comprehensive income. This accounting adjustment did not affect the net assets or cash position of the Company.

Cash flow hedge reserve

The hedge reserve is used to record the effective portion of changes in the fair value of cash flow.

Employee equity benefits reserve

The Company has an employee share based payment plan in place. The employee equity benefits reserve is used to recognise the value of equity settled share based payment tranasctions provided to employees - refer Note 23.

NOTE 25: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial risk management objectives and policies are outlined in Note 2.

Risk Exposures and Responses

(a) Interest rate risk

The Company's exposure to market interest rates relates primarily to the Company's bank overdraft and cash and cash equivalents. The level of debt is disclosed in Note 19.

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

	2012 $'000	2011 $'000
Financial Assets		
Cash and cash equivalents	9,426	16,693
	9,426	16,693
Financial Liabilities		
Bank overdrafts	(2,112)	(4,220)
	(2,112)	(4,220)
Net exposure	7,314	12,473

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

The Company maintains a high level of borrowings at fixed rates through the issue of unsecured convertible notes. At 30 September 2012 approximately 56% (2011: 41%) of the Company's borrowings are at a fixed rate of interest.

The Company constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date:

At 30 September 2012, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2012	2011	2012	2011
Judgements of reasonably movements:	$'000	$'000	$'000	$'000
Consolidated				
+1% (100 basis points)	51	101	51	101
-1% (100 basis points)	(51)	(101)	(51)	(101)

The sensitivity is lower in 2012 than 2011 because of a decrease in net exposure.

(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 are denominated in AUD and CAD dollars whereas the majority of costs are in AUD, CAD and US dollars.

The Company's balance sheet can be affected by movements in the A$/CAD$ and CAD$/US$ exchange rates.

Approximately nil% of sales and 45% 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 2012, the carrying amounts of the Company's CAD$ and US$ financial assets and liabilities are as follows:

	Canadian dollars		**US dollars**	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Financial Assets				
Cash and cash equivalents	136	617	1,084	1,952
Equity investments	6,301	6,867	-	-
	6,437	7,484	1,084	1,952
Financial Liabilities				
Trade and other payables	-	-	(2,623)	(746)
Other financial liabilities	-	-	-	(1,349)
Bank overdraft	-	-	-	(1,608)
	-	-	(2,623)	(3,703)
Net exposure	6,437	7,484	(1,539)	(1,751)

At 30 September 2012, if the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		**Equity Higher/(Lower)**	
	2012	**2011**	**2012**	**2011**
Judgements of reasonably possible movements:	**$'000**	**$'000**	**$'000**	**$'000**
Consolidated				
AUD/CAD +10%	(451)	(523)	(451)	(523)
AUD/CAD -10%	451	523	451	523
CAD/USD +10%	110	152	110	152
CAD/USD -10%	(110)	(152)	(110)	(152)

The movements in the profit in 2012 is less sensitive than 2011 due to a decrease in the net exposure.

The group seeks to mitigate the effect of its foreign currency exposure by entering into CAD/USD currency forward contracts. The currency forward contracts effectively fix the CAD cash flows receivable on certain USD commodity purchases.

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 and derivative financial instruments. 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 $0.021 million impairment for 2012 and $0.008 million for 2011 (refer to Note 13) .

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 balance date there was one customer that accounted for 39% (2011: 47%)of the Company's receivables.

The Company limits its counterparty credit risk on liquid funds and derivative financial instruments by dealing with banks or financial institutions with credit ratings of at least B+ equivalent.

The ageing of trade and other receivables at the reporting date was as follows:

	Past due not impaired				
	Not Past Due $'000	**Between 30 and 90 days $'000**	**Over 91 days $'000**	**Considered impaired $'000**	**Total $'000**
2012					
Trade Receivables	1,614	79	-	-	1,693
Other Receivables	111	-	-	-	111
2011					
Trade Receivables	2,506	38	-	-	2,544
Other Receivables	308	-	-	-	308

(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, equity investments and issue of unsecured converting notes.

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.

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. Leasing obligations, 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).

Liquid non-derivative assets comprising cash and receivables are considered in the Company's overall liquidity risk. The Company ensures that sufficient liquid assets are available to meet all required short-term cash payments.

Included in Note 19(d) is a list of undrawn facilities that the Company has had at its disposal to manage liquidity risk.

The following table reflects all contractually fixed repayments and interest resulting from recognised financial assets and financial liabilities.

2012	**Within 1 year $'000**	**1-5 years $'000**	**Total $'000**
Liquid Financial Assets			
Cash and cash equivalents	9,426	-	9,426
Trade and other receivables	1,804	-	1,804
Other financial assets	4,236	-	4,236
	15,466	-	15,466
Trade and other payables	(3,874)	-	(3,874)
Interest loans and borrowings*	(5,368)	(696)	(6,064)
	(9,242)	(696)	(9,938)
Net inflow/(outflow)	**6,224**	**(696)**	**5,528**

*Excludes unsecured converting notes equity component of $1.039 million.

2011	**Within 1 year $'000**	**1-5 years $'000**	**Total $'000**
Liquid Financial Assets			
Cash and cash equivalents	16,693	-	16,693
Trade and other receivables	2,852	-	2,852
Other financial assets	2,000	55	2,055
	21,545	55	21,600
Trade and other payables	(2,823)	-	(2,823)
Interest loans and borrowings*	(4,694)	(3,835)	(8,529)
	(7,517)	(3,835)	(11,352)
Net inflow/(outflow)	**14,028**	**(3,780)**	**10,248**

*Excludes unsecured converting notes equity component of $1.039 million.

(e) Fair value

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique - non market observable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
2012				
Financial assets				
Derivative instruments				
Fx forward contracts	-	-	-	-
Equity investments				
Listed investments - current	4,662	-	1,229	5,891
Unlisted investments	-	-	1,196	1,196
	4,662	-	2,425	7,087
Financial liabilities				
Fx forward contracts	17	-	-	17
	17	-	-	17

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Company uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

The Company has determined the fair value of Level 3 listed investments (Almonty Industries Inc. shares under escrow) by using the listed share price and then discounting this value to reflect the escrow period. Key assumptions used in determining the discount rate is provided in the table below:

Risk free rate	0.89%
Market risk premium	5.10%
Beta of comparable companies	1.29
Discount rate	7.46%

Reconciliation of Level 3 fair value movements

	2012 $'000
Opening balance	5,540
Transferred to quoted market price level 1	(2,590)
Total gains/(losses)	(525)
Closing balance	2,425

The potential effect of a change in the discount rate by 10% would have the effect of reducing the fair value by up to $0.005 million (2011: $0.031million) or increase the fair value by $0.005 million (2011: $0.031 million).

(f) Price risk

The Company's earnings are exposed to price fluctuations, in particular to equity investments.

The following table details the carrying amount of financial instruments as at the reporting date for the group, impacted by price risk:

		2012 $'000	2011 $'000
Financial assets			
Equity investments	*(i)*	7,087	7,780
Total financial assets		7,087	7,780
Disclosed as:			
Current		7,087	6,554
Non-current		-	1,226
		7,087	7,780
Financial derivative liabilities			
Currency forward contracts		17	-
Total financial derivative liabilities		17	-
Disclosed as:			
Current		17	-
Non-current		-	-
		17	-

(i) Equity investments

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

At 30 September 2012, if prices had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
Judgements of reasonably movements:	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Prices +10%	496	545	496	545
Prices -10%	(496)	(545)	(496)	(545)

NOTE 26: COMMITMENTS AND CONTINGENCIES

	2012 $'000	2011 $'000
(a) Commitments		
(i) Leasing commitments		
Operating leases payable:		
- within one year	383	444
- after one year but not more than five years	641	1,051
- after more than five years	-	-
Total minimum lease payments	1,024	1,495

The operating leases comprise property leases and various equipment leases.

The property leases are non-cancellable leases with five-year terms, with rent payable monthly in advance.

Rental provisions within the Australian property lease agreement require the minimum lease payments shall be increased by 4% per annum. An option exists to renew the Australian lease at the end of the five-year term for an additional term of five years.

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.

The equipment leases are non-cancellable leases with a five-year term, with rent payable either monthly or quarterly in advance.

Finance leases
The finance leases comprise various equipment leases.

	2012 *Minimum lease payments* $'000	2012 *Present value of lease payments* $'000	2011 *Minimum lease payments* $'000	2011 *Present value of lease payments* $'000
- within one year	15	15	16	16
- after one year but not more than five years	18	16	32	30
Total minimum lease payments	33	31	48	46
Less amounts representing finance charges	(2)	-	(2)	-
Present value of minimum lease payments	31	31	46	46

(ii) Property, plant and equipment commitments

The Company had $nil (2011: $nil) contractual obligations at balance date.

(iii) Exploration commitments

The Company had $nil (2011: $nil) exploration commitments at balance date.

NOTE 27: FAIR VALUE

Fair values

All assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represents a reasonable approximation of fair value unless otherwise stated in the applicable notes.

NOTE 28: 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 five reportable segments.

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

Mining Canada

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

Portfolio

This segment covers the investment in listed and unlisted Resource Equities.

Corporate

This segment covers all other corporate activities.

Mining Australia

This segment covered gold operations via a joint venture and is concerned with the exploration and mining of Gold and Silver in Queensland.

Mining Spain

This segment covered operations 100% owned by the Company concerned with the exploration and mining of Tungsten.

Further information relating to discontinued operations can be found in Note 7.

Major Customers

Mining Canada has one customer that accounts for 39% of consolidated revenue (2011: 32%)

(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 information provided to the executive management team for the year ended 30 September 2012 is as follows:

NOTE 28: SEGMENT INFORMATION CONTINUED

30 September 2012		Mining Canada $'000	Portfolio $'000	Corporate $'000	Total Continuing Operations $'000	Mining Spain $'000	Mining Australia $'000	Total Discontinued Operations $'000	Consolidated $'000
Total segment revenue	(b)	18,425	(591)	760	**18,594**	2,201	-	**2,201**	**20,795**
Segment Operating EBITDA*		2,422	(954)	(2,724)	**(1,256)**	1,040	-	**1,040**	**(216)**
Depreciation & amortisation		(757)	-	(55)	**(812)**	-	-	-	**(812)**
Impairment		(2)	-	(19)	**(21)**	-	-	-	**(21)**
Finance costs		(176)	-	(358)	**(534)**	-	-	-	**(534)**
Corporate charges		(729)	-	651	**(78)**	78	-	**78**	**-**
Other indirects		(101)	-	(30)	**(131)**	-	-	**-**	**(131)**
Profit/(loss) before tax		**657**	**(954)**	**(2,535)**	**(2,832)**	**1,118**	**-**	**1,118**	**(1,714)**
Income tax expense		(504)	-	(1)	**(505)**	-	-	**-**	**(505)**
Segment profit/(loss) after tax	(c)	**153**	**(954)**	**(2,536)**	**(3,337)**	**1,118**	**-**	**1,118**	**(2,219)**
Total Assets		17,791	7,087	12,636	**37,514**	-	-	**-**	**37,514**
Total Liabilities		(4,972)	-	(5,157)	**(10,129)**	-	-	**-**	**(10,129)**

30 September 2011		Mining Canada $'000	Portfolio $'000	Corporate $'000	Total Continuing Operations $'000	Mining Spain $'000	Mining Australia $'000	Total Discontinued Operations $'000	Consolidated $'000
Total segment revenue	(b)	14,305	(16)	836	**15,125**	14,663	1,500	**16,163**	**31,288**
Segment Operating EBITDA*		1,528	(626)	(2,824)	**(1,922)**	4,563	55	**4,618**	**2,696**
Depreciation & amortisation		(773)	-	(44)	**(817)**	(8,304)	-	**(8,304)**	**(9,121)**
Impairment		(392)	-	-	**(392)**	(7)	-	(7)	**(399)**
Finance costs		(121)	-	(2,080)	**(2,201)**	(31)	(28)	**(58)**	**(2,259)**
Corporate charges		(795)	-	(2,769)	**(3,564)**	3,564	-	**3,564**	**-**
Other indirects		40	-	-	**40**	664	-	664	**704**
Profit on sale of discontinued operations		-	-	-	**-**	(8,216)	24,472	**16,256**	**16,256**
Profit/(loss) before tax		**(513)**	**(626)**	**(7,717)**	**(8,856)**	(7,766)	24,499	**16,733**	**7,876**
Income tax expense		(179)	-	(3,909)	**(4,088)**	-	(7,164)	**(7,164)**	**(11,252)**
Segment profit/(loss) after tax	(c)	**(692)**	**(626)**	**(11,626)**	**(12,944)**	**(7,767)**	**17,335**	**9,569**	**(3,375)**
Total Assets		11,073	7,780	23,424	**42,277**	22	-	**22**	**42,299**
Total Liabilities		(3,250)	-	(9,391)	**(12,641)**	-	-	**-**	**(12,641)**

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

NOTE 28: SEGMENT INFORMATION (CONTINUED)

			30 September 2012 $'000	30 September 2011 $'000
(b)	**Segment revenue reconciliation to statement of comprehensive income**			
	Mining Canada	(i)	18,383	14,349
	Corporate	(ii)	753	435
	Portfolio	(iii)	-	23
	Total Revenue from continuing operations per statement of comprehensive income		**19,136**	**14,807**
(i)	*Mining Canada*			
	Sale of goods		18,383	14,349
	Interest received/(paid)		-	-
	Mining Canada Revenue included in revenue from continuing operations		18,383	14,349
	Other income/(expense)		42	(44)
	Total Segment Revenue - Mining Canada		18,425	14,305
(ii)	*Corporate*			
	Interest received		753	435
	Corporate Revenue included in revenue from continuing operations		**753**	**435**
	Corporate activities recognised in Mining Spain		-	681
	Other income/(expense)		7	(280)
	Total Segment Revenue - Corporate		760	836
(iii)	*Portfolio*			
	Dividends received		-	23
	Portfolio Revenue included in revenue from continuing operations		**-**	**23**
	Net gains/(losses) on equity investments		(591)	(39)
	Other income/(expense)		-	-
	Total Segment Revenue - Portfolio		(591)	(16)
(iv)	*Discontinued operations*			
	Mining Spain revenue		2,201	15,344
	Corporate activities recognised in Mining Spain		-	(681)
	Total Segment Revenue - Mining Spain		2,201	14,663
	Mining Australia revenue		-	1,500
	Total Segment Revenue - Mining Australia		-	1,500
	Total Segment Revenue - Discontinued operations		2,201	16,163
	Total Segment Revenue		**20,795**	**31,288**
(c)	**Segment net operating profit after tax reconciliation to the statement of comprehensive income**			
	Segment profit/(loss) after tax from continuing operations		(3,337)	(12,944)
	Corporate income/(charges) - eliminated on consolidation		78	3,564
	Corporate activities recognised in Mining Spain		(130)	(965)
	Profit/(loss) after tax per statement of comprehensive income from continuing operations		**(3,389)**	**(10,345)**
	Segment profit/(loss) after tax from discontinued operations		1,118	9,569
	Corporate income/(charges) - eliminated on consolidation		(78)	(3,564)
	Corporate activities recognised in Mining Spain		130	965
	Profit/(loss) after tax from discontinued operations per statement of comprehensive income		**1,170**	**6,970**

NOTE 29: 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 2012	% Equity Interest 2011	Investment ($'000) 2012	Investment ($'000) 2011
Heemskirk Technical Services Pty Ltd	Australia	100	100	0	0
HSK Trading Pty Ltd	Australia	100	100	1	1
HSK Staff Share Plan Pty Ltd	Australia	100	100	0	0
Heemskirk Canada Holdings Ltd	Canada	100	100	428	428
Heemskirk Canada Ltd	Canada	100	100	3,521	3,521
HCA Mountain Minerals (Lethbridge) Ltd	Canada	100	100	-	-
HCA Mountain Minerals (Moberly) Ltd	Canada	100	100	-	-
HCA Mountain Minerals (Nevada) Ltd	USA	100	100	-	-
Tungsten SA Pty Ltd	Australia	100	100	-	-
Heemskirk Europe Plc *	United Kingdom	-	100	-	0
Daytal Resources Spain SL **	Spain	-	-	-	-
HSK Aggregates SL ***	Spain	-	100	-	-

* Heemskirk Europe Plc was liquidated on 10 September 2012.
** The sale of Daytal Resources Spain SL was completed on 23 September 2011 - see note 7.
*** HSK Aggregates SL was liquidated on 31 October 2011.

(b) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in the directors' report and in Note 8.

(c) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those that would be available to other parties unless otherwise stated.

(d) Other transactions with directors

Directors of Heemskirk Consolidated Limited

The Company entered into a rental agreement with Mr Ross Herron, which was signed in June 2005, for the provision of office space. Rental income earned during the year was $nil (2011: $0.005 million) based on normal commercial terms and conditions. This agreement terminated on 5 September 2011.

On 28 July 2010 Heemskirk announced that it had been decided to terminate the Founders' Plan and settlement terms have been agreed (Refer to Remuneration Report page 17). 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. This action has 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 Founder's to assist with discharging any Australian taxation liability as a result of the settlement. The Founders have advised the Company that the actual draw down of the facility is not expected to exceed $0.230 million. The draw down of the facility as at 30 September 2012 is nil. 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, management has recognised in the accounts a potential short fall in relation to the Managing Director of $104,000 as at 30 September 2012.

NOTE 30: CASH FLOW STATEMENT RECONCILIATION

	2012 $'000	2011 $'000
(a) Reconciliation of net profit after tax to net cash flows from operations		
Net (loss) after income tax	(2,219)	(3,375)
Non-cash items		
Depreciation, amortisation and impairments	832	9,520
Foreign exchange losses/(gains)	1	172
Employee benefits taken as equity	14	9
Non cash interest on converting and convertible notes	(85)	454
Net fair value change on equity investments	1,011	450
Other non cash (revenue)	(234)	(203)
Foreign currency translation reserve recycling	-	8,170
Items presented as investing or financing activities		
Net (gains)/losses on equity investments	(184)	(476)
Net (profit)/loss on disposal of fixed assets	197	(704)
Dividend income	-	(23)
Net (gains)/losses on disposal of subsidiaries	(8)	(24,426)
Changes in assets and liabilities:		
(Increase)/decrease in trade debtors	1,049	(2,772)
(Increase)/decrease in prepayments	-	(73)
(Increase)/decrease in financial assets	-	(3,205)
(Increase)/decrease in other assets	(50)	-
(Increase)/decrease in inventories	(445)	887
Increase/(decrease) in trade creditors	1,048	(1,223)
Increase/(decrease) in accruals and provisions	(1,361)	1,127
Increase/(decrease) in income taxes payable	(60)	208
(Increase)/decrease in deferred tax assets	-	11,431
Increase/(decrease) in deferred taxes payable	(41)	(227)
Net cash from/(used in) operating activities	(535)	(4,279)

(b) Disclosure of financing facilities

Refer to Note 19(d).

(c) Non cash financing and investing activities

Share-based payments (Note 23).

NOTE 31: PARENT ENTITY INFORMATION

	Parent 2012 $'000	Parent 2011 $'000

The summarised Income statement and Balance sheet in respect of the parent entity ("Company") is set out below.

(a) Income statement

	2012 $'000	2011 $'000
Profit/(loss) after income tax	(3,431)	11,076
Total comprehensive income/(loss) for the year	(3,431)	11,046

(b) Balance sheet

	2012 $'000	2011 $'000
Current assets	19,612	24,817
Non-current assets	11,021	11,001
Total assets	30,633	35,818
Current liabilities	3,286	955
Non-current liabilities	160	5,395
Total liabilities	3,446	6,350
Net assets	**27,187**	**29,468**
Contributed equity	82,320	81,184
Employee share based payment reserve	193	179
Retained earnings/(losses)	(55,326)	(51,895)
Total Equity	**27,187**	**29,468**

(c) Commitments

(i) Leasing commitments

	2012 $'000	2011 $'000
<u>Operating leases</u>		
Payable		
- within one year	130	126
- after one year but not more than five years	187	317
- after more than five years	-	-
Total minimum lease payments	317	443

The operating leases comprise property leases and various equipment leases.

The property leases are non-cancellable leases with five-year terms, with rent payable monthly in advance. Rental provisions within the Australian property lease agreement require the minimum lease payments shall be increased by 4% per annum. An option exists to renew the Australian lease at the end of the five-year term for an additional term of five years.

The equipment leases are non-cancellable leases with a five-year term, with rent payable either monthly or quarterly in advance.

NOTE 32: EVENTS AFTER THE BALANCE SHEET DATE

There are no matters or circumstances which have arisen since 30 September 2012 that have siginificantly 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.

I 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 2012 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 2012.

On behalf of the Board

Graham Lenzner
Non-Executive Chairman
Melbourne, 28 November 2012

Peter Bird
Managing Director
Melbourne, 28 November 2012

Ernst & Young

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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 2012, 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 2012 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 2012. 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 2012, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

RCPiltz

Rodney Piltz
Partner
Melbourne
28 November 2012