HEEMSKIRK CONSOLIDATED LIMITED

ABN: 18 106 720 138

APPENDIX 4D AND FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 March 2014

ASX CODE: HSK

Appendix 4D
HEEMSKIRK CONSOLIDATED LIMITED
For the half year period ended 31 March 2014

Comparisons are to the half year ended 31 March 2013

Results for announcement to the market

Results	Current Period $'000	Previous Period $'000	% Change
Revenue from continuing operations	371	386	(4%)
Other income/(loss)	(1,215)	(194)	(527%)
Loss from continuing operations after tax attributable to members	(3,233)	(2,362)	(37%)
Profit from discontinuing operations after tax attributable to members	3,389	734	362%
Net profit/(loss) attributable to members	156	(1,628)	110%

Dividends

No final franked dividend for 2013 was paid during the period.

No dividend has been declared in respect of the 2014 year.

Review of Results

Please refer to the Management Discussion and Analysis included within this report.

This half year financial report is to be read in conjunction with the most recent annual report.

References to '1H' refer to the first half of the year, eg the period between 1 October 2013 and 31 March 2014.

References to '2H' refer to the second half of the year.

Net Tangible Assets Per Share

	Current Period 31 Mar 14	Previous Period 30 Sep 13	Previous Period 31 Mar 13
Net tangible assets per share (cents per share)	15	16	16

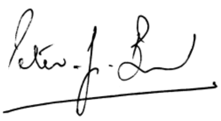
Control Gained or Lost Over Entities Having A Material Effect

Not applicable.

Compliance Statement

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

Signed:



Peter J Bird

Managing Director

Date: 27 May 2014

Directors' Report

Our Strategy

Heemskirk is an Australian listed mining company with an oil and gas services project in Canada and a 15% equity investment in tungsten operator Almonty Industries.

The Company's strategy is to maximise shareholder returns by:

- Financing the build of the Moberly Frac Sand Project at an estimated cost of CAD26m, including contingencies, utilising a combination of existing business assets and new finance;
- Building the Moberly Frac Sand Project to deliver an estimated Project $NPV_{7.5}$ of CAD66m;
- Developing expansion options - following successful commissioning of the strategically located Moberly Frac Sand Project - above the initial design production rate of 300,000 tpa;
- Monitoring acquisition opportunities for gold and copper developments;
- Acquiring bolt-on operations and developments that are synergistic to existing assets and harnessing management's operating experience; plus
- Optimising the Company's business portfolio and human resources to deliver the strategy in a safe, environmentally and socially responsible way.

Operating and Financial Review

Moberly Frac Sand Project ("the Project")

In the six months to 31 March 2014 the Company deferred financing negotiations on the Project until completion of the Lethbridge sale. The cash proceeds from the Lethbridge sale has enabled the Company to re-engage with financiers on funding and we are evaluating a number of proposals post the close of 1H 2014. The value of the Project is significant to the Company and we are aiming to optimise the shareholders share, ensuring the risks from additional financing are acceptable.

During the 1H 2014 the Company invested $0.098 million in the Project compared to $1.120 million in 1H 2013. Expenditure on the Project in 1H 2014 related to maintaining the Project ready for construction. From an engineering and permit viewpoint the Project is ready to proceed to the next stage.

Subject to funding being finalised, construction is targeted to start in the September quarter.

Operations

Growth in North America's oil and gas markets continued to drive demand for the Company's products from Lethbridge (sold at the end of 1H 2014), increasing its revenue from $11.478 million in 1H 2013 to $15.844 million in 1H 2014.

In the 1H 2014, however, the cost of raw materials was significantly higher due to reduced barite ore supply from a lower cost North American supplier and increased supply from a higher cost Asian supplier. This reduced the gross profit for Lethbridge from $1.784 million in 1H 2013 to $1.685 million in 1H 2014.

Earnings from continuing operations remained stable with revenue of $0.371 million (1H 2013: $0.386 million). Continuing operations operated at a gross loss of $0.432 million (1H 2013: $0.087 million), reflecting a higher portion of overheads being assigned to the remaining Moberly operation. Low level operations are expected to continue at a loss at Moberly, however, these operations will keep the Project site ready for construction.

Sale of Lethbridge

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

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

The sale agreement also made provision for an adjustment to be made to the purchase price in respect of any earnings (which belongs to Marquis Alliance) that was generated by the business between 1 February 2014 and the closing date of the sale. The earnings adjustment payable to Marquis Alliance is CAD0.502 million.

Sale transaction costs of CAD0.661 million will be paid in 2H 2014. Income tax payable on the sale of approximately CAD0.508 million is due for payment by 30 November 2014.

Corporate

The Company continued to reduce costs at its Corporate office including reducing staffing, reducing employee benefits expense to $0.649 million (1H 2013: $0.823 million). Following the sale of Lethbridge the Company has no positive operating cash flows. The estimated base line operating cash burn rate for Corporate and Canada until Project work commences is approximately $0.300 million per month. In addition, financing payments on convertible notes over the next 12 months include interest $0.484 million and a principal repayment of $2.739 million by 30 March 2015.

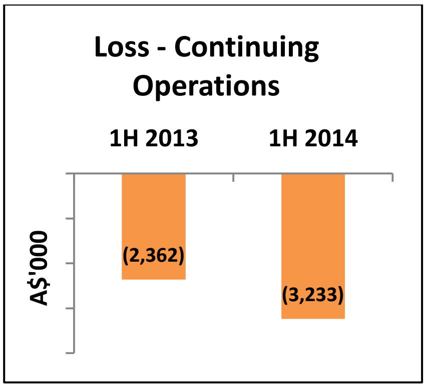
The strategy of the Company is to complete financing of the Project urgently to minimise cash burn.

Directors' Report

LOSS FROM CONTINUING OPERATIONS UP $0.871 million

The loss from continuing operations increased from $2.362 million in 1H 2013 to $3.233 million in 1H 2014. Two key changes are:

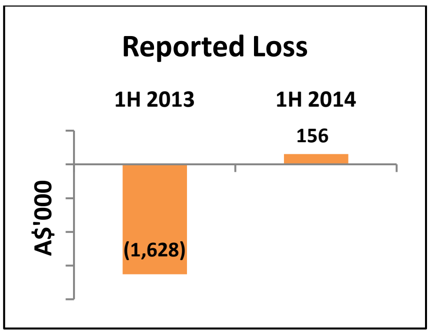
- unrealised losses on equity investments increasing by $1.009 million. This was a result of a 15% decline in the Almonty share price during 1H 2014; offset by
- employee benefits expense lowered to $0.649 million in 1H 2014 from $0.823 million in 1H 2013. The reduction of $0.174 million is from lower staff numbers.



REPORTED PROFITS UP $1.784 million

The reported profit increased from $1.628 million loss in 1H 2013 to $0.156 million profit in 1H 2014. The key differences in 1H 2014 were:

- the Company earning a $2.681 million gain from the sale of Lethbridge; offset by
- the increased loss from continuing operations (noted above).

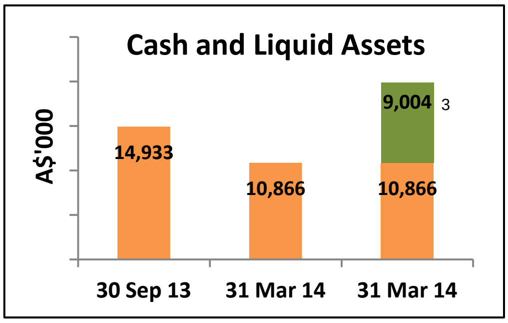


CASH AND LIQUID ASSETS[1,3] DOWN $4.067 million

Significant elements of the reduction in cash and liquid assets were:

- $1.304 million in unrealised losses on equity investments; and
- repayment of Canada overdraft $2.295 million.

Subsequent to the end of 1H 2014, the amount received from the sale of Lethbridge was $9.679 million and $0.675 million transaction costs were paid, resulting in a net cash increase of $9.004 million. [3]

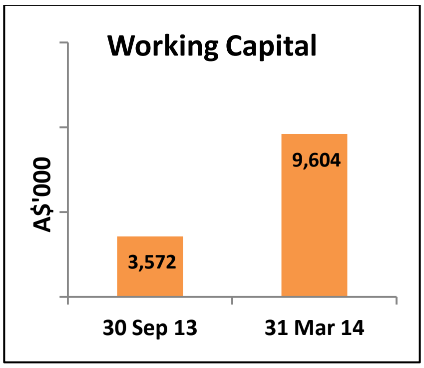


[1] Cash and Liquid Assets is cash and cash equivalents plus other financial assets and has been extracted directly from the Balance Sheet. [3]

WORKING CAPITAL[2, 3] UP $6.032 million

Two key elements of the increase are:

- sale of Lethbridge generated consideration receivable of $10.291 million (see Note 4(i) of the Financial Statements); offset by
- increased barite sales and the sale of Lethbridge resulted in an inventory reduction of $4.554 million.



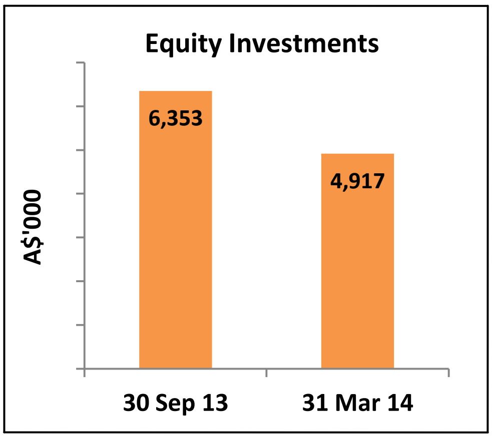
[2] Working capital is Trade and other receivables plus Inventories minus Trade and other payables and has been extracted directly from the Balance Sheet. [3]

EQUITY INVESTMENTS DOWN $1.436 million

As at 31 March 2014, the Company continued to hold 15% of Almonty Industries Inc., valued at $4.559 million, compared to a value of $5.388 million as at 30 September 2013. This is a result of the Australian equivalent share price of Almonty decreasing to $0.82 down from $0.969 per share on these respective dates.

The Company also holds Almonty warrants at CAD1.25 per share to buy an additional 7.5% equity in Almonty upto 23 September 2014. The warrants are fair valued at $0.173 million as at 31 March 2014 compared to $0.663 million as at 30 September 2013. The Company uses the Black-Scholes model to value warrants and as a result the value of the warrants decreases over time.

Realised and unrealised movements on other equity investments reduced the value by $0.119 million.



3 This is non-IFRS financial information and has not been subject to review or audit by the Company's external auditor but is considered relevant for users of the financial statements.

Directors' Report

Board of Directors

The names of the directors in office during the period and until the date of this report are as follows:

Mr Garry Cameron, Non Executive Chairman (appointed Chairman 20 March 2014)

Mr Graham Lenzner, Non Executive Chairman (retired 20 March 2014)

Mr Peter Bird, Managing Director

Mr William A (Lex) Hansen, Non Executive Director

Mr John Taylor, Non Executive Director

No additional Directors held office during or subsequent to the reporting period.

On 20 March 2014, the Company's Non Executive Chairman Mr Graham Lenzner stepped down from this role and as a Director of the Company. On 20 March 2014, the Company announced the appointment of Non Executive Director Mr Garry Cameron as Chairman. In consideration of the size and structure of the Company, the Board chose to reduce the number of Non Executive Directors at this time down from four to three.

Rounding of Amounts

The amounts contained in this report have been rounded to the nearest thousand dollars, unless otherwise stated, under the option available to the Company under Australian Securities and Investments Commission Class Order 98/0100 dated 10 July 1998.

Management Assurance

Consistent with recommendation 7.3 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the Board has received assurance from the Chief Executive Officer (who also acts in the capacity of Chief Financial Officer) that the company's half-year financial report for the period ended 31 March 2014 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Auditors' Independence Declaration

The Auditors' Independence Declaration for the half-year ended 31 March 2014 has been received and is located on this page.

Signed in accordance with a resolution of directors.

Garry Cameron
Chairman

27 May 2014

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

In relation to our review of the financial report of Heemskirk Consolidated Limited for the half-year ended 31 March 2014, 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

Michael Collins
Partner
27 May 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 MARCH 2014

	Note	31 March 2014 $'000	31 March 2013 $'000
Revenue from continuing operations	*3(b)*	371	386
Cost of sales		(803)	(473)
Gross loss		**(432)**	**(87)**
Proceeds on sale of equity investments		47	565
Cost of equity investments sold		(133)	(523)
Unrealised losses on equity investments	*6*	(1,304)	(295)
Net losses on equity investments		(1,390)	(253)
Other income		175	59
Total other income/(loss)		**(1,215)**	**(194)**
Depreciation and amortisation expense		(227)	(233)
Employee benefits expense		(649)	(823)
Corporate costs		(288)	(507)
Consultants and advisory expense		(151)	(237)
Finance costs		(260)	(239)
Other expenses		(11)	-
Loss before income tax from continuing operations		**(3,233)**	**(2,320)**
Income tax expense from continuing operations	*5*	-	(42)
Loss after income tax from continuing operations		**(3,233)**	**(2,362)**
Profit from discontinued operations (net of income tax)	*4*	3,389	734
Profit/(loss) after income tax		**156**	**(1,628)**
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement			
Foreign currency translation		(748)	(376)
Foreign currency translation differences recycled on disposal of foreign operation		(29)	-
Items that will not be reclassified subsequently to the income statement			
Asset revaluation		(358)	(70)
Other comprehensive loss for the period, net of tax		**(1,135)**	**(446)**
Total comprehensive loss for the period		**(979)**	**(2,073)**
Earnings per share (EPS) from continuing operations			
Basic earnings per share (cents)		(2.10)	(1.53)
Diluted earnings per share (cents)		(2.10)	(1.53)
Earnings per share on profit/(loss)			
Basic earnings per share (cents)		0.10	(1.06)
Diluted earnings per share (cents)		0.10	(1.06)

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.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014

	Note	31 March 2014 $'000	30 September 2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents		5,871	8,502
Trade and other receivables	*7*	14,715	3,986
Inventories	*8*	1,344	5,934
Other financial assets	*9*	4,995	6,431
Other current assets		293	193
Total current assets		**27,218**	**25,046**
Non-current assets			
Property, plant and equipment	*10*	2,067	6,512
Exploration, evaluation and mine development		4,673	5,167
Deferred tax assets		-	133
Total non-current assets		**6,740**	**11,812**
TOTAL ASSETS		**33,958**	**36,858**
LIABILITIES			
Current liabilities			
Trade and other payables		6,455	6,347
Interest bearing loans and borrowings	*11*	2,809	5,144
Provisions		467	520
Income tax payable		773	141
Financial derivative liability		-	22
Total current liabilities		**10,504**	**12,174**
Non-current liabilities			
Deferred tax liabilities		55	295
Interest bearing loans and borrowings		-	15
Provisions		77	77
Total non-current liabilities		**132**	**387**
TOTAL LIABILITIES		**10,635**	**12,561**
NET ASSETS		**23,323**	**24,297**
EQUITY			
Contributed equity		81,184	81,184
Reserves		515	2,987
Retained earnings/(losses)		(58,376)	(59,874)
TOTAL EQUITY		**23,323**	**24,297**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 MARCH 2014

	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	Foreign currency translation reserve	Employee share based payment	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 October 2012	**79,842**	**1**	**15**	**2,003**	**(677)**	**(55,957)**	**1,940**	**25**	**193**	**27,385**
Loss for the period	-	-	-	-	-	(1,628)	-	-	-	(1,628)
Other comprehensive income net of tax	-	-	-	-	-	-	(70)	(376)	-	(446)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**(1,628)**	**(70)**	**(376)**	**-**	**(2,073)**
Transactions with owners in their capacity as owners										
Employee share based payments	-	-	-	-	-	-	-	-	26	26
Balance at 31 March 2013	**79,842**	**1**	**15**	**2,003**	**(677)**	**(57,585)**	**1,870**	**(351)**	**219**	**25,338**

	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	Foreign currency translation reserve	Employee share based payment	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 October 2013	**79,842**	**1**	**15**	**2,003**	**(677)**	**(59,874)**	**2,065**	**696**	**226**	**24,297**
Profit for the period	-	-	-	-	-	156	-	-	-	156
Foreign currency transaction differences recycled on disposal of foreign operation	-	-	-	-	-	-	-	(29)	-	(29)
Other comprehensive income net of tax	-	-	-	-	-	-	(358)	(748)	-	(1,106)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**156**	**(358)**	**(777)**	**-**	**(979)**
Transactions with owners in their capacity as owners										
Employee share based payments	-	-	-	-	-	-	-	-	5	5
Transfer of assets revaluation reserve on disposal of land	-	-	-	-	-	1,342	(1,342)	-	-	-
Balance at 31 March 2014	**79,842**	**1**	**15**	**2,003**	**(677)**	**(58,376)**	**365**	**(81)**	**231**	**23,323**

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 MARCH 2014

	31 March 2014 $'000	31 March 2013 $'000
Cash flows from operating activities		
Receipts from customers	16,778	10,842
Payments to suppliers and employees	(16,423)	(12,956)
Interest received	118	279
Income tax paid	(280)	(324)
Finance costs paid	(301)	(272)
Net cash flows from/(used in) operating activities	(108)	(2,431)
Cash flows from investing activities		
Cash receipts/(deposits) for bank investments/guarantees	-	4,175
Proceeds from the sale of equity investments	47	565
Purchases of equity investments	-	(259)
Purchases of property, plant and equipment	(177)	(202)
Exploration, evaluation and mine development	(98)	(1,120)
Net cash flows from/(used in) investing activities	(228)	3,159
Cash flows from financing activities		
Proceeds/(repayment) of borrowings	(2,300)	461
Net cash flows from/(used in) financing activities	(2,300)	461
Net increase in cash and cash equivalents	(2,636)	1,189
Cash and cash equivalents at beginning of period	8,502	9,426
Net foreign exchange differences	5	1
Cash and cash equivalents at end of period	**5,871**	**10,616**

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

NOTE 1: CORPORATE INFORMATION

The financial report of Heemskirk Consolidated Limited and its controlled entities (the Company) for the half-year ended 31 March 2014 was authorised for issue in accordance with a resolution of the directors on 27 May 2014.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The half-year financial report is prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year financial report does not include all notes of the type normally included in an annual financial report and should be read in conjunction with the recent annual financial report for the year ended 30 September 2013 and the half-year report for the half year ended 31 March 2013.

It is recommended that the half-year financial report be considered together with any public announcements made by Heemskirk Consolidated Limited and its controlled entities during the half-year ended 31 March 2014 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

(b) Basis of preparation

The half year financial report has been prepared on the basis of historical cost, except for equity investments and derivatives that have been measured at fair value.

The Company is a for-profit entity.

Discontinued operations are excluded from the result of continuing operations and are presented as a single amount of profit after tax from discontinued operations in the statement of comprehensive income.

Additional disclosures are provided in Note 4. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

Apart from the changes in the accounting policy noted below, the accounting policies and methods of computation adopted are the same as those adopted in the most recent annual financial statements for the year ended 30 September 2013.

The Company has adopted the following new and/or revised Standards, Amendments and Interpretations from 1 October 2013:

- AASB 10 - Consolidated Financial Statements
- AASB 11 - Joint Arrangements
- AASB 12 - Disclosure of Interests on Other Entities
- AASB 13 - Fair Value Measurement

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

The Company has not elected to adopt early any other new standards, amendments or interpretations that are issued but not yet effective.

NOTE 3: 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 four 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.

Information relating to discontinued operations is located in Note 4.

Portfolio

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

Corporate

This segment covers all other corporate activities.

(a) Segment Results and Segment Assets

The measurement of segment results is in line with the basis of information presented to management for internal management reporting purposes. The performance of each segment is measured on the net profit or loss after tax.

Segment accounting policies are the same as those applied across the Company with the exception of gains/losses on investments which are treated as segment revenue.

Segment information provided to the executive management team for the half year ended 31 March 2014 is as follows:

NOTE 3: SEGMENT INFORMATION (CONTINUED)

31 March 2014		Mining Canada $'000	Portfolio ** $'000	Corporate $'000	Consolidated $'000
Total segment revenue	(b)	16,575	(1,390)	118	**15,303**
Segment Operating EBITDA*		838	(1,405)	(945)	**(1,511)**
Depreciation & amortisation		(276)	-	(24)	**(300)**
Net finance costs		(105)	-	(161)	**(266)**
Corporate charges		(302)	-	302	**-**
Asset disposals		3,081	-	(42)	**3,039**
Income tax expense		(805)	-	-	**(805)**
Segment Profit/(loss) after tax	(c)	**2,431**	**(1,405)**	**(870)**	**156**
Total Assets		18,441	4,916	10,601	**33,958**
Total Liabilities		(15,247)	-	4,612	**(10,635)**

31 March 2013		Mining Canada $'000	Portfolio $'000	Corporate $'000	Consolidated $'000
Total segment revenue	(b)	11,646	(253)	233	**11,626**
Segment Operating EBITDA*		776	(430)	(1,145)	**(799)**
Depreciation & amortisation		(456)	-	(30)	**(486)**
Net finance costs		(57)	-	(201)	**(258)**
Corporate charges		(381)	-	381	**-**
Asset disposals		61	-	(13)	**48**
Income tax expense		(133)	-	-	**(133)**
Segment Profit/(loss) after tax	(c)	**(190)**	**(430)**	**(1,008)**	**(1,628)**
Total Assets		14,202	6,589	12,928	**33,719**
Total Liabilities		(9,774)	-	1,391	**(8,383)**

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

** Portfolio segment revenue primarily represented by unrealised losses per Note 6.

NOTE 3: SEGMENT INFORMATION (CONTINUED)

			31 March 2014 $'000	31 March 2013 $'000
(b)	**Segment revenue reconciliation to statement of comprehensive**			
	Mining Canada	(i)	252	153
	Corporate	(ii)	118	233
	Portfolio	(iii)	-	-
	Total Revenue from continuing operations per statement of comprehensive income		**371**	**386**
(i)	*Mining Canada*			
	Mining Canada Revenue included in revenue from continuing operations		252	153
	Other income/(expense) from continuing operations		168	7
	Mining Canada Revenue included in revenue from discontinued operations		15,844	11,478
	Other income/(expense) from discontinued operations		311	8
	Total Segment Revenue - Mining Canada		16,575	11,646
(ii)	*Corporate*			
	Interest received		118	233
	Corporate Revenue included in revenue from continuing operations		118	233
	Total Segment Revenue - Corporate		118	233
(iii)	*Portfolio*			
	Dividends received		-	-
	Portfolio Revenue included in revenue from continuing operations		-	-
	Net gains/(losses) on equity investments		(1,390)	(253)
	Total Segment Revenue - Portfolio		(1,390)	(253)
	Total Segment Revenue		**15,303**	**11,626**
(c)	**Segment net operating profit after tax reconciliation to the statement of comprehensive income**			
	Segment profit/(loss) after tax from continuing operations		(3,233)	(2,362)
	Segment profit/(loss) after tax from discontinued operations (Note 4)		3,389	734
	Profit/(loss) after tax per statement of comprehensive income from continuing operations		**156**	**(1,628)**

NOTE 4: DISCONTINUED OPERATIONS

	31 March 2014 $'000	31 March 2013 $'000
Profit after income tax from Lethbridge	708	734
Gain on sale after income tax from Lethbridge	2,681	-
Total profit after income tax from Lethbridge	3,389	734
Net gain after income tax from discontinued operations	**3,389**	**734**

Lethbridge

On 21 January 2014, the Company announced that a Sale Agreement was executed for the sale of its operating mineral products plant in Lethbridge, Canada and barite mineral claims in the United States with Marquis Alliance Energy. The sale was approved by shareholders on 20 March 2014 and completed on 31 March 2014. The gain on sale after tax of Lethbridge was CAD $2.726 million ($2.681 million).

The results of Lethbridge are as follows:	31 March 2014 $'000	31 March 2013 $'000
Revenue	15,844	11,478
Cost of sales	(14,159)	(9,694)
Gross Profit	**1,685**	**1,784**
Depreciation and amortisation expense	(73)	(252)
Finance costs	(5)	(6)
Other income	311	8
Impairment losses	(132)	-
Corporate charges *	(778)	(709)
Profit before income tax	**1,009**	**825**
Income tax (expense)	(301)	(91)
Profit after income tax	**708**	**734**
Earnings per share (EPS)		
Basic earnings per share (cents)	0.46	0.48
Diluted earnings per share (cents)	0.44	0.46

* Corporate charges is the portion of Calgary overhead costs allocated to Lethbridge.

(i) *Gain on Sale:*

Consideration receivable **	10,291	-
Earnings adjustment ***	(498)	
Net consideration receivable	9,793	-
Carrying amount of net assets sold	(5,904)	-
Transaction costs	(675)	-
Foreign currency translation reserve recycling	(29)	-
Gain on sale before income tax from Lethbridge	**3,185**	**-**
Income tax expense	(504)	-
Gain on sale after income tax from Lethbridge	**2,681**	**-**

** Consideration comprises CAD8.440 million ($8.278 million) for the Net Assets excluding Inventories plus CAD2.052 million ($2.013million) for Inventories. "Inventories" sold represent the final raw materials and finished goods held at the time of sale completion and excludes spare parts, as at 31 March 2014.

*** The purchaser is entitled to Lethbridge earnings after tax from 1 February to 31 March 2014.

NOTE 4: DISCONTINUED OPERATIONS (CONTINUED)

		31 March 2014 $'000
(ii)	*Carrying amount of net assets sold*	
	Inventories	2,290
	Property, plant & equipment	3,557
	Mine development	147
	Interest bearing liabilities	(17)
	Employee liabilities	(73)
	Net Assets	**5,904**

		31 March 2014 $'000	31 March 2013 $'000
(iii)	*The net cash flows of Lethbridge are as follows:*		
	Net cash flows from operating activities	2,471	(896)
	Net cash flows used in investing activities	(81)	(194)
	Net cash flows from/(used in) financing activities	(2,374)	616
	Net cash provided by discontinued operations	**16**	**(474)**

NOTE 5: INCOME TAX

	31 March 2014 $'000	31 March 2013 $'000
(a) Income tax expense		
Income tax expense/(benefit) attributable to:		
Continuing operations		
Continuing operations - Canada	-	42
Continuing operations - Corporate	-	-
	-	42
Discontinued operations		
Discontinued operations - Canada	301	91
Sale of Lethbridge	504	-
	805	91
Income tax expense reported in the statement of comprehensive income	**805**	**133**

(b) Amounts charged or credited directly to equity

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

	31 March 2014 $'000	31 March 2013 $'000
Asset revaluation	(49)	-
Income tax expense/(benefit) reported in equity	(49)	-

(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:

	31 March 2014 $'000	31 March 2013 $'000
Accounting loss before tax from continuing operations	(3,233)	(2,320)
Accounting profit before tax from discontinued operations	4,194	825
Accounting profit/(loss) before tax	960	(1,495)
At the Company's statutory income tax rate of 30% (2013: 30%)	288	(449)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impact of different foreign tax rates	(161)	2
Other (income)/expenses	(9)	105
(Over)/under provided for in prior years	38	(75)
Current year temporary differences not recognised	272	(94)
Non recognition of current year tax losses	567	644
Discontinued operations capital tax on asset disposal	(287)	-
Discontinued operations other tax expenses including prior year unders/overs	132	-
Foreign exchange (gains)/losses and other translation adjustments	(35)	-
Income tax expense reported in the statement of comprehensive income	**805**	**133**

(d) Tax Losses

The Company has an unrecognised deferred tax benefit relating to income tax losses of $10.092 million (2013: $9.712 million) in Australia and $1.933 million (2013: $1.769 million) in Canada. The Company recognises the benefit of tax losses only to the extent of anticipated future taxable income or gains in relevant jurisdictions.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2014

NOTE 6: UNREALISED GAINS/(LOSSES) ON EQUITY INVESTMENTS

	31 March 2014 $'000	31 March 2013 $'000
The net change in fair value recognised in the statement of comprehensive income is from:		
Almonty Industries Inc.	(1,317)	(127)
Other equity investments	13	(168)
Net change in fair value reported in the statement of comprehensive income	(1,304)	(295)

NOTE 7: TRADE AND OTHER RECEIVABLES

	31 March 2014 $'000	30 September 2013 $'000
Current		
Trade receivables	3,931	3,928
Goods and services tax *	480	38
Other debtors **	10,304	20
	14,715	3,986

* Goods and services tax includes $0.438 million (2013: $nil) for the sale of Lethbridge.

** Other debtors includes $10.291 million (2013: $nil) receivable for the sale of Lethbridge.

NOTE 8: INVENTORIES

	31 March 2014 $'000	30 September 2013 $'000
Current		
Raw materials and stores (at cost or NRV)	1,293	1,356
Finished goods (at cost or NRV)	51	24
Total inventories at cost and net realisable value - continuing operations	1,344	1,380
Total inventories at cost and net realisable value - discontinued operations *	-	4,554
	1,344	5,934

Inventories have been written down by $0.032 million (2013: $nil).

* Inventories held at the time of the sale of Lethbridge was $2.290 million.

NOTE 9: OTHER FINANCIAL ASSETS

	31 March 2014 $'000	30 September 2013 $'000
Current		
Equity investments	4,917	6,353
Term deposit	78	78
	4,995	6,431

Fair Value of Equity Investments

Equity investments	**Valuation technique**		
Listed investments - current	Quoted market price (level 1)	4,743	5,690
Unlisted investments - current	Non market observable inputs (level 3)	174	663
		4,917	6,353

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

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

	Freehold Land	Buildings	Plant and Equipment	Computer Hardware and Software	Motor Vehicles	Leasehold Improvements	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Half Year ended 31 March 2014							
At 1 October 2013, net of accumulated depreciation	2,777	1,045	2,481	72	135	2	6,512
Additions	14	-	127	36	-	-	177
Revaluation	(408)	-	-	-	-	-	(408)
Depreciation charge for the year *	-	(41)	(166)	(27)	(10)	(2)	(246)
Disposals in discontinued operation	(1,863)	(407)	(1,170)	(12)	(105)	-	(3,557)
Foreign currency increase / (decrease)	(162)	(59)	(177)	(4)	(7)	-	(410)
At 31 March 2014 net of accumulated depreciation	358	538	1,094	64	13	-	2,067
At Half Year ended 31 March 2014							
Cost or fair value	358	737	2,399	251	74	116	3,935
Accumulated depreciation	-	(199)	(1,305)	(187)	(61)	(116)	(1,868)
Net carrying amount	358	538	1,094	64	13	-	2,067

* Depreciation and amortisation charges for the year includes:

	31 March 2014 $'000
Depreciation charge in continuing operations	173
Depreciation charge in discontinued operations	73
Total depreciation	246
Amortisation in continuing operations	54
Amortisation in discontinued operations	-
	300

NOTE 11: INTEREST BEARING LOANS AND BORROWINGS

	31 March 2014 $'000	30 September 2013 $'000
Current		
Secured Liabilities		
Obligations under finance leases and hire purchase contracts	-	7
Bank overdraft	-	2,295
Unsecured Liabilities		
Convertible notes - unsecured	2,809	2,842
	2,809	5,144
Non-current		
Secured Liabilities		
Obligations under finance leases and hire purchase contracts	-	15
	-	15

On 31 March 2011, the Company issued 1,889,000 unsecured convertible notes with an issue price of $2.00. Each unsecured convertible note will be converted into 3 fully paid ordinary shares in the Company and $1.45 cash. Unsecured convertible notes will be converted at maturity on 30 March 2015 and may be converted at the election of noteholders every six months commencing 31 December 2012. The unsecured convertible notes attract interest at 10.25% per annum paid semi annually. As at 31 March 2014 the value of unsecured convertible notes converted is nil.

Convertible notes are disclosed based on the potential impact on liquidity and as such cash payments due within one year are disclosed as current liabilities.

NOTE 12: DIVIDENDS PAID AND PROPOSED

No final franked dividend for 2013 was paid during the year.

No dividend has been declared in respect of the 2014 year.

NOTE 13: FOUNDERS' PLAN

In conjunction with the Founders' Plan settlement announced 28 July 2010, a loan facility was made available to the Founders to assist with discharging any Australian taxation liability as a result of the settlement. The draw down of the facility by the Managing Director as at 31 March 2014 was $0.294 million (2013: $0.279 million).

The loan facility is interest-bearing at market rates (currently 10.97%) 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 $0.138 million as at 31 March 2014 (2013: $0.160 million).

NOTE 14: EVENTS AFTER THE BALANCE SHEET DATE

Following the close of the reporting period, the Company received cash of CAD8.440 million ($8.278 million) and CAD1.936 million ($1.899 million) from the sale of Lethbridge's Net Assets excluding Inventories and Inventories respectively. Expenditures arising from the sale, including the earnings adjustment of CAD0.502 million ($0.498 million) and transaction costs, were paid subsequent to the reporting period. CAD0.116 million ($0.114 million) remains receivable in respect to the gypsum and zeolite Inventories.

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 half year financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position as at 31 March 2014 and the performance for the half-year ended on that date of the consolidated entity

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

(b) the half year financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a)

(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.

On behalf of the Board

Garry Cameron
Non-Executive Chairman
Melbourne, 27 May 2014

Peter Bird
Managing Director
Melbourne, 27 May 2014

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Independent review report to members of Heemskirk Consolidated Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Heemskirk Consolidated Limited, which comprises the balance sheet as at 31 March 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 March 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Heemskirk Consolidated Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2014 and of its performance for the half-year ended on that date; and
b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Michael Collins, Partner
Melbourne, 27 May 2014