

The Manager
Company Announcements Office
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000

7 April 2017

Electronic lodgement

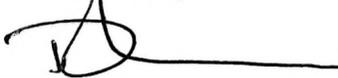
Dear Sir/Madam

Northern Silica Corporation – off market takeover bid for the entire issued share capital of Heemskirk Consolidated Limited (“Takeover”)

In accordance with section 647(3) of the Corporations Act, please find attached a copy of Northern Silica Corporation’s first supplementary bidder’s statement (“**First Supplement**”) in relation to the Takeover.

The First Supplement was lodged with the Australian Securities & Investments Commission and Heemskirk Consolidated Limited earlier today.

Yours faithfully



David Eliakim
Partner

FIRST SUPPLEMENTARY BIDDER'S STATEMENT

in respect of the offer by

Northern Silica Corporation



for the ordinary shares in

Heemskirk Consolidated Limited ACN 106 720 138

Legal Adviser:

**KING & WOOD
MALLESONS**

This document is the first supplementary bidder's statement ("**First Supplement**") to the Bidder's Statement dated 13 March 2017 ("**Bidder's Statement**") issued by Northern Silica Corporation and lodged with the Australian Securities and Investments Commission ("**ASIC**") on 13 March 2017, in relation to the offer by Northern Silica Corporation ("**Offer**") for the ordinary shares in Heemskirk Consolidated Limited.

Unless the context requires otherwise, defined terms in the Bidder's Statement have the same meaning in this First Supplement. This First Supplement prevails to the extent of any inconsistency with the Bidder's Statement.

A copy of this First Supplement was lodged with ASIC on 7 April 2017. Neither ASIC nor any of its officers takes any responsibility for the contents of this First Supplement.

1 Background

The Bidder's Statement was lodged with ASIC on 13 March 2017 and was sent to the Heemskirk Shareholders along with an Offer dated 15 March 2017.

This First Supplement sets out some information about the Offer and clarifies some of the disclosures in the Bidder's Statement.

2 Receipt of Independent Expert Report

On 28 March 2017, Heemskirk released its Target's Statement which included an independent expert's report ("**Independent Expert's Report**"). In that Target's Statement, the Heemskirk Directors confirmed that they unanimously recommend that Heemskirk Shareholders accept the offer in return for the Cash Consideration component of the Offer in the absence of a Superior Proposal. The independent expert has also opined that the Cash Consideration under the Offer is fair and reasonable to Heemskirk Shareholders in the absence of a Superior Proposal but that the Share Consideration is neither fair nor reasonable.

Heemskirk Shareholders should refer to the Target's Statement for a full explanation as to why the Heemskirk Directors have formed this opinion and the Independent Expert's Report for the reasons for its opinion.

3 Extension of the offer

Heemskirk Shareholders should note that on 6 April 2017, the Bidder determined to extend the Offer Period so as to change the close of the Offer Period from 7.00pm (Sydney Time) on 18 April 2017 to 7.00pm (Sydney Time) on 16 May 2017.

The new date for giving notice of status of conditions under section 630(3) of the Corporations Act has also been extended to 8 May 2017.

Attached to this First Supplement is the notice of variation giving effect to the extension.

4 Clarifications in relation to certain statements in the Bidder's Statement

4.1 Entry into the Unanimous Shareholders Agreement and Deed of Adherence

As described in section 2.3 of the Bidder's Statement, the Bidder is operated and governed in accordance with the Business Corporations Act (Alberta) and the Bidder's charter documents which include the Unanimous Shareholders Agreement. A summary of the key terms of the

Unanimous Shareholders Agreement is set out in section 2.3 of the Bidder's Statement. A full copy of the Unanimous Shareholders Agreement can be found at www.northernsilica.com.

In order for the Unanimous Shareholders Agreement to be effective, all holders of Bidder Shares must sign and return a duly executed adherence deed to the Unanimous Shareholders Agreement ("**Deed of Adherence**").

Under paragraph 6.7 of the Offer Terms, any Heemskirk Shareholder who elects to receive the Share Consideration also appoints the Bidder as their attorney for the purpose of executing the Unanimous Shareholders Agreement on their behalf.

Notwithstanding this attorney appointment, the Bidder has determined that all Heemskirk Shareholders who elect to accept the Share Consideration and receive the Share Consideration will be also required to sign and return an original duly executed Deed of Adherence within 20 Business Days of being issued Bidder Shares.

Clause 16.11 of the Unanimous Shareholders Agreement provides that if a Heemskirk Shareholder receives Bidder Shares as part of the Offer, they must sign a Deed of Adherence within 20 Business Days of being issued the Bidder Shares. If the relevant Heemskirk Shareholder does not return a duly signed Deed of Adherence within this time frame, then the shareholder of the Bidder Shares will be deemed to be a "Defaulting Shareholder". Under the Unanimous Shareholders Agreement, for so long as a shareholder is a Defaulting Shareholder, subject to the provisions of the Business Corporation Act (Alberta), its rights as a holder of Bidder Shares, including voting rights and rights to information, shall be suspended until they cease to be a Defaulting Shareholder. A Defaulting Shareholder remains obligated for all its liabilities as a shareholder that accrue prior to and during the period of time such shareholder is a Defaulting Shareholder, including any liabilities arising after but originating from actions taken before the period.

4.2 Bidder's intention to undertake capital raising

As described in section 4.8 of the Bidder's Statement, Taurus has entered into a term sheet for the Taurus Working Capital Facility under which it may be called on to advance up to C\$10 million.

The Bidder intends to utilise the Taurus Working Capital Facility to cover working capital needs required to achieve completion of Moberly Stage 1 development, including but not limited to:

- additional capital costs;
- operating costs during commissioning;
- funding required to support a build-up of finished product inventory that may be required to support Moberly off-take arrangements;
- funding required to support Moberly logistics arrangements;
- general corporate costs; and
- debt servicing requirements under the Taurus Senior Facility.

Taking into account these potential funding requirements and based on the Bidder's current understanding of Moberly Stage 1 development, the Bidder expects that up to C\$10 million of additional funding from the Taurus Working Capital Facility will be required. The amount of additional funding required will ultimately be a function of the outcome of remaining construction activity, commissioning performance and arrangement of formal off-take contracts. The following key assumptions have been used by the Bidder to derive its estimate

of approximately C\$10 million of additional funding being required for Moberly Stage 1 development:

- construction completion by 30 June 2017;
- staggered commissioning commencing July 2017;
- ramp-up to nameplate production of 300,000 tonnes per annum prior to 31 October 2017;
- working capital build-up to support anticipated off-take arrangements; and
- debt servicing requirements under the Senior Facility Agreement (summarised in Section 4.8 of the Bidder's Statement)

The Bidder intends to undertake a refinancing of the Taurus Working Capital Facility once Moberly Stage 1 has reached steady-state production and sustainably positive cash flow generation. The Bidder currently intends for a refinancing of the Taurus Working Capital Facility to be undertaken via a rights issue by the Bidder. Any Bidder rights issue will be done in accordance with the framework contained in the Bidder's Articles, the Unanimous Shareholders Agreement and applicable law. Under the Unanimous Shareholders Agreement, the issue price of any new shares issued in the fifteen month period following incorporation of the Bidder (which was incorporated on 1st December 2016) shall not be less than C\$0.075 per share.

Heemskirk Shareholders should note that any Heemskirk Shareholders who elect to receive the Share Consideration and choose to not participate in any rights issue will be diluted.

4.3 Bidder's Constituent Documents

The Bidder is governed by the Bidder's Articles, by-laws, the Unanimous Shareholders Agreement (including the Deed of Adherence) and the board charter. The above documents are important documents and the Heemskirk Shareholders should review these documents carefully in order to determine whether or not they elect to receive the Share Consideration.

A fully copy of the documents listed above can be found at the Bidder's website at: www.northernsilica.com.

5 Authorisation

This First Supplement has been approved by a resolution passed by all of the directors of Northern Silica Corporation.

Signed on behalf of Northern Silica Corporation.



Martin Boland
Director

NORTHERN SILICA CORPORATION ("BIDDER")
NOTICE OF VARIATION EXTENDING OFFER PERIOD

TO: Heemskirk Consolidated Limited (ACN 106 720 138) ("**Target**")

Australian Securities & Investments Commission ("**ASIC**")

ASX Limited ("**ASX**")

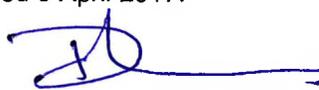
Each person to whom an Offer was made

The Bidder gives notice under section 650D of the Corporations Act that it varies the Offer by extending the Offer Period so as to change the close of the Offer Period from 7:00pm (Sydney time) on 18 April 2017 to 7:00pm (Sydney time) on 16 May 2017 (unless further extended or withdrawn).

Unless the context requires otherwise, defined terms in the Bidder's Statement dated 13 March 2017 (as supplemented) have the same meaning in this notice.

This notice was lodged with ASIC on 6 April 2017. ASIC takes no responsibility for the contents of this notice.

This notice is dated 6 April 2017.

Signed by  on behalf of Northern Silica Corporation