

HEEMSKIRK

Announcement



11 August 2010

NQM Takeover Update

For further information, please contact:

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Kevin Robinson
Managing Director



KEY POINTS

- ▶ **NQM Target's Statement for the Heemskirk Offer has now been despatched and NQM Directors Neville Thomas and Michael Tilley continue to recommend the Heemskirk Offer**
- ▶ **Heemskirk Offer for NQM remains superior to the Hostile Conquest Offer and provides the only way to consolidate 100% of Pajingo**
- ▶ **The Independent Expert's assessment of fundamental value implies that the value of the Heemskirk Offer represents a significant premium to both the trading value and the fundamental value of NQM¹**
- ▶ **Heemskirk's Founders' Plan has been terminated whilst Conquest's dilutionary Option Plan remains**
- ▶ **Heemskirk to hold a teleconference at 11:00am EST on Thursday, 12 August 2010**

Heemskirk is pleased to provide the following updates in respect of its Recommended Takeover Offer for North Queensland Metals (NQM).

➤ **NQM Target's Statement for the Recommended Heemskirk Offer has now been despatched**

NQM despatched its Target's Statement in relation to the Heemskirk Offer on 10 August 2010 in which NQM Directors Neville Thomas and Michael Tilley (*the Supporting Directors*) continue to recommend NQM shareholders **accept the superior Heemskirk Offer** and **reject the Hostile Conquest Offer**.

The reasons set out in the Target's Statement for the Supporting Directors of NQM recommending the Heemskirk Offer are as follows:

- ✓ The Heemskirk Offer is **superior** to the Hostile Conquest Offer and provides a **substantial premium** to recent trading prices of NQM shares.
- ✓ The Independent Expert has stated that the Heemskirk Offer is not fair but reasonable.
- ✓ The merged entity will have increased scale and may have better access to capital markets.
- ✓ NQM shareholders will benefit from synergies if Heemskirk acquires 100% of NQM shares under the Heemskirk Offer.
- ✓ Heemskirk has paid fully franked dividends in the past and has stated that its objective is to provide its shareholders with dividend flow in addition to capital growth.
- ✓ By accepting the Heemskirk Offer, NQM shareholders will also obtain exposure to Heemskirk's other producing operations in Spain and Canada.
- ✓ Major NQM shareholder, Newmont, has agreed to accept the Heemskirk Offer in the absence of a superior proposal.

¹ Based on the value of the combined entity (excluding discount for minority interest), as detailed in section 9.3 of the Independent Expert's report.

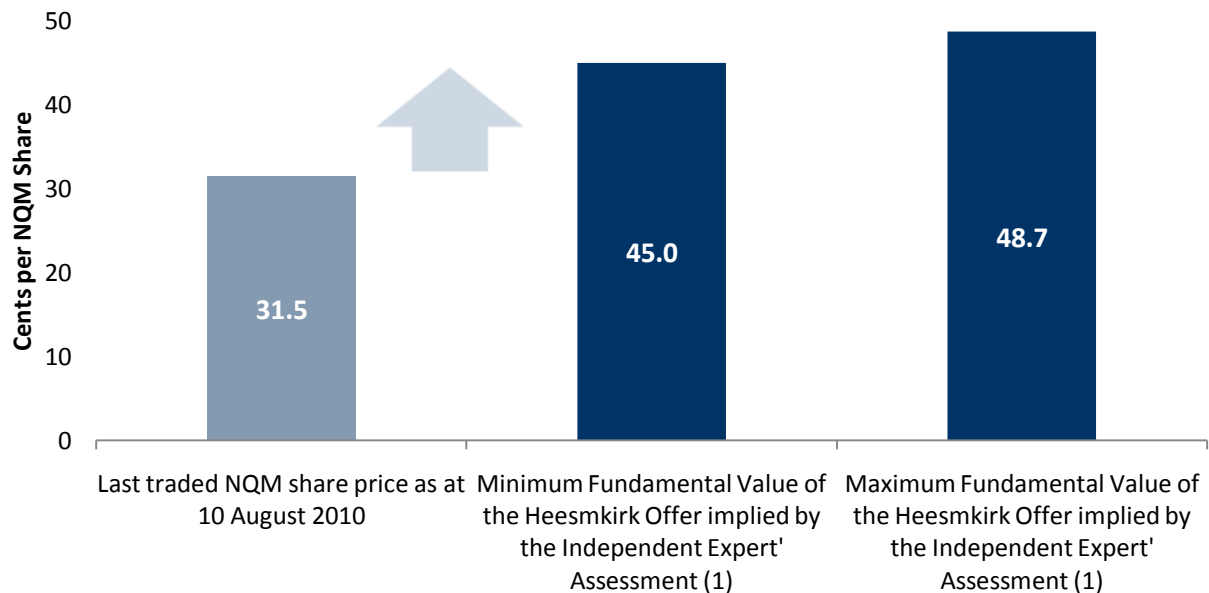


- **The Independent Expert's assessment of fundamental value implies that the value of the Heemskirk Offer represents a significant premium to both the trading value and the fundamental value of NQM shares¹**

The NQM Target's Statement includes an Independent Expert's Report which has declared the Heemskirk Offer 'not fair but reasonable', based on the implied value of the Offer using the trading value of Heemskirk shares.

However, the Independent Expert has assessed the fundamental value of Heemskirk following completion of the takeover to be in the range of A\$149.3m to A\$161.5m¹.

Based on the holding that NQM shareholders will have in Heemskirk following the acquisition of 100% of NQM shares by Heemskirk, **the Heemskirk Offer provides NQM shareholders with a fundamental value of 45.0 to 48.7 cents per NQM share¹**. This represents a significant premium to both the trading value and the assessed fundamental value of NQM shares, and is not inclusive of any additional strategic or synergistic value that may be unlocked through the transaction.



As a result, the Heemskirk Directors consider the Recommended Heemskirk Offer to be both fair and reasonable to NQM shareholders and note that the Supporting Directors of NQM continue to maintain their recommendation for the Heemskirk Offer.

- **The Recommended Heemskirk Offer remains superior to the Hostile Conquest Offer**

The Heemskirk Offer continues to represent greater value than the Hostile Conquest Offer. In addition to other benefits, the Heemskirk Offer also represents the only proposal before NQM shareholders that is capable of consolidating 100% ownership of the Pajingo Gold Operation in one company, and providing NQM shareholders with a strong exposure to the consolidated project going forward.

By comparison, the Hostile Conquest Offer dilutes NQM shareholders' effective interest in the Pajingo Gold Operation to approximately 12%².

¹ Based on the value of the combined entity (excluding discount for minority interest), as detailed in section 9.3 of the Independent Expert's report.

² Assumes conversion of all Conquest options into Conquest shares and the conversion of all NQM options, as a result of the completion of the Conquest Offer, into Conquest shares based on the Conquest Offer ratio



➤ **Heemskirk has terminated the Heemskirk Founders' Plan**

As announced on 28 July 2010, Directors of Heemskirk have elected to terminate the Heemskirk Founders' Plan.

➤ **Conquest continues with Conquest Option Plan for certain Conquest Directors**

Heemskirk draws NQM shareholders' attention to the Conquest Option Plan and the associated 'anti-dilution' clauses of that plan, which Heemskirk Directors consider to be unusual.

Under the Conquest Option Plan, Conquest has agreed to issue options to certain Conquest Directors (Jake Klein, Nick Curtis and Jim Askew) in order to maintain their fully diluted interest in Conquest should Conquest issue any shares³ (other than under certain limited exceptions). These Directors currently hold 32 million Conquest options.

The potential dilutionary impact of the Conquest Option Plan is demonstrated below:

- if the Hostile Conquest Offer is successful, the Conquest Directors above stand to receive approximately **9 million options for free**;
- should Conquest finance the anticipated \$138 million capital expenditure of its Mt Carlton asset by equity alone, the Conquest Directors above stand to receive approximately **37 million options for free**⁴.

Takeover Update Teleconference

A teleconference hosted by Heemskirk's Managing Director, Mr Kevin Robinson will be held on 12 August 2010 at 11.00am. See Appendix for further details.

The Recommended Heemskirk Offer continues to represent greater value than the Hostile Conquest Offer. In addition to other benefits, the Heemskirk Offer also represents the only proposal before NQM shareholders that is capable of consolidating 100% ownership of the Pajingo gold operation into one company.

NQM shareholders should accept the Heemskirk Offer now.

³ The exercise price of the options to be issued is to be 15% above the relevant share issue price.

⁴ Based on a Conquest share issue price of \$0.33.



Appendix – Conference Call Details

A. HEEMSKIRK CONFERENCE CALL DETAILS

Details

Scheduled time: **11.00am, Thursday 12 August 2010, Australian Eastern Standard Time**
Please dial your Dial-In number 10 minutes before scheduled call time.

DIAL IN NUMBERS

Australia	1800 064 347
United Kingdom*	0800 032 4417
New Zealand	0800 441 278
Singapore	800 616 1919
Japan	0034 800 400 541
Hong Kong	800 968 665
USA^	1866 830 1117
Other countries	
International	+61 3 8660 4944
Metered	

* includes only England, Scotland, Wales, Guernsey, Jersey and Northern Ireland (not Rep. of Ireland)

^ this number not available to all carriers in the United States. If the number cannot be accessed, use the international metered number

Instructions:

- A conference administrator will greet you and note your name and telephone number. You may be asked to test your telephone to ensure that you will be able to register questions. You then will be placed on hold music until the conference is due to commence.
- At the start of the conference your line will be taken off hold music and you will be placed in Listen Only mode.
- If at any time during the nominated question time you wish to ask a question or make a comment press (*1) to register your question. If you decide to cancel your question at any time, press (*2). All parties on the conference will hear your questions and the answers. When you have finished asking your questions and received answers, you will be placed back on *Listen Only* mode.
- If you are disconnected for any reason during the conference, redial your Dial-In number.
- At the end of the conference the presenter will inform you that the conference has concluded.