

22 July 2015

Dear Shareholder

Heemskirk Consolidated Limited - 1 For 5 Renounceable Rights Issue

On 17 July 2015, Heemskirk Consolidated Limited (ASX:HSK) (**Company**) announced to ASX that it was to undertake a fully underwritten renounceable rights issue offering eligible shareholders the opportunity to subscribe for 1 new share for 5 shares held on 27 July 2015, at an issue price of \$0.10 per new share to raise approximately \$3.7 million (**Rights Issue**).

The Rights Issue will be fully underwritten by Morgans Corporate Limited (**Underwriter**). In consideration for the underwriting, the Company has agreed to pay the Underwriter a total underwriting commission and management fee of \$0.221 million, representing 6% of the total amount to be raised under the Rights Issue.

A copy of the Offer Document has been lodged with ASX and is available on the ASX website.

Below is a summary of the key terms of the Rights Issue:

Type of offer	Renounceable Rights Issue
Issue Ratio	1 New Share for every 5 Shares held
Issue Price	\$0.10 per New Share
Fractional Entitlement	Where the determination of an Eligible Shareholder's Entitlement results in a fraction of a New Share, such a fraction shall be rounded up to the nearest whole New Share.
Eligible Shareholders	Shareholders who have a registered address in Australia and New Zealand may apply for New Shares under the Rights Issue. Shareholders who have a registered address outside Australia and New Zealand may not subscribe for New Shares under the Rights Issue.
Premium	The Company's Share closing price on 16 July 2015 (the day before the Rights Issue was announced) was \$0.065.

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	Therefore the Issue Price of \$0.10 represents a premium of approximately 53% to this closing price.
Capital Raised	Approximately \$3,700,000 (before costs of the Rights Issue).
Use of Capital Raised	The proceeds of the Rights Issue will be used to fund ongoing working capital requirements to support the ongoing business activities of the Company during the completion of the Moberly Frac Sand Project in British Columbia, Canada.
New Shares to be issued	Approximately 36,849,559.
Shares on issue following Rights Issue	Approximately 221,097,354.
Underwriter	Fully underwritten by Morgans Corporate Limited

Key dates

The current timetable for the Rights Issue is as follows:

Activity	Date
Announcement of Rights Issue	17 July 2015
Dispatch of notices to Shareholders informing of Rights Issue	22 July 2015
Shares quoted 'ex' rights and rights trading starts on deferred settlement basis	23 July 2015
Record Date	27 July 2015
Offer Document and Entitlement & Acceptance Form dispatched and announcement that dispatch completed	30 July 2015
Rights trading ends	4 August 2015
Securities quoted on a deferred settlement basis	5 August 2015
Closing date for acceptances	11 August 2015
The Company to notify the Underwriter of any shortfall to be taken up	11 August 2015
ASX notified of under subscriptions	14 August 2015
Issue date and end of deferred settlement trading	18 August 2015
Dispatch of New Share transaction confirmation statements	18 August 2015

Subject to the Listing Rules, the Directors note that this timetable is indicative only and reserve the right to amend this timetable without notice.

Applications

The Entitlement and Acceptance Form will be dispatched together with the Offer Document. Eligible Shareholders must complete the Entitlement and Acceptance Form in order to take up their Entitlements and to apply for Shortfall Securities. Entitlement and Acceptance Forms must be properly completed and received by the Company no later than 5.00pm (AEST) on 11 August 2015 in order for Applicants to be issued New Ordinary Shares and Shortfall Securities.

In the event the Rights Issue is not fully subscribed, the Directors have determined to offer Eligible Shareholders the right to apply for New Shares arising out of any shortfall. The Company may, in consultation with the Underwriter and subject to any restrictions imposed by the Corporations Act or the Listing Rules, exercise a discretion to impose restrictions on the number of New Shares which can be taken up by any Shareholder under the Shortfall Facility. In exercising this discretion, factors such as the number of applications made and the number of available New Shares will be taken into consideration. The Offer is being made to all shareholders of the Company named on its register of members at 27 July 2015, whose registered address is in Australia and New Zealand.

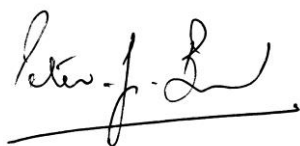
Quotation

New Ordinary Shares issued under the Offer Document will rank equally with the Company's existing Shares. The Company has applied to ASX for quotation of the New Ordinary Shares on the Official List of the ASX. If approval is not granted by ASX within 3 months after the date of the Offer Document, the Company will not issue any New Ordinary Shares and will repay all Application monies without interest.

Enquiries

If you have any questions regarding this renounceable Rights Issue, please telephone the Company on +61 3 9614 0666 or email the Company at hsk@heemskirk.com. The Directors recommend this renounceable Rights Issue to you.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Bird', with a horizontal line drawn underneath it.

Peter Bird
Managing Director