

HEEMSKIRK CONSOLIDATED LIMITED

ACN 106 720 138

OFFER DOCUMENT

For a renounceable Rights Issue of 10 New Shares for every 7 Shares held by Shareholders registered at 7.00pm Melbourne time on 21 December 2015, at an issue price of \$0.03 per New Share to raise \$9,925,632 before costs of the issue.

Eligible Shareholders may also apply for additional Shares pursuant to the Shortfall Facility.

The Rights Issue is fully underwritten.

IMPORTANT NOTICE

This document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this document.

This document is important and should be read in its entirety. If you do not understand its contents or you are in doubt as to the course of action you should take, you should consult your stockbroker, accountant or other professional adviser without delay.

If you do not lodge an Entitlement and Acceptance Form together with payment by 5.00pm Melbourne time on 15 January 2016, you will not be issued New Shares in the Company.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

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1. KEY DATES

This Offer Document is dated 15 December 2015.

Event	Date
Announcement of Rights Issue	15 December 2015
Dispatch of notices to Shareholders informing of Rights Issue	16 December 2015
Ex Date	17 December 2015
Rights trading commences	17 December 2015
Record Date	21 December 2015
Offer Document and Entitlement and Acceptance Form Despatched and announcement that despatch completed	23 December 2015
Rights trading ends	8 January 2016
Securities Quoted on a deferred settlement basis	11 January 2016
Closing date for receipt of Entitlement and Acceptance Form	15 January 2016
ASX notified of under subscriptions	20 January 2016
Dispatch of New Shares transaction confirmation statement and Deferred Settlement Trading ends	22 January 2016

The timetable above is indicative and may be subject to change without notice. The Company, in consultation with the Underwriter reserves the right, subject to the Corporations Act and the ASX Listing Rules, to amend or vary any or all of the dates and times without notice. The Company also reserves the right to extend the closing date of the Offer, accept late applications and to withdraw the Offer without prior notice.

2. CHAIRMAN'S LETTER

Heemskirk has finalised the construction costs associated with the development of Stage 1 the Moberly Frac Sand Project, paving the way for execution of a construction contract and satisfaction of the conditions precedent to drawdown on tranche 1 US\$25 million of the US \$40 million Debt Financing Facility provided by Taurus Funds Management.

The capital costs associated with construction of the Plant have increased by 14% to US\$23.9 million. This increased cost along with costs associated with mine haul road construction, engineering and insurances now total US\$26.6 million. The increase in the plant construction cost is primarily due to the withdrawal of an electrical subcontractor who was responsible for the design, supply and installation of the electrical component of the project. Subsequent to the withdrawal, the electrical component was retendered at a higher price and to a new independent electrical subcontractor. The new tender process has affected both the cost of the installation element and the timeline (which has been extended from 12 to 14 months). The Company's working capital requirements have also been adjusted for the revised timeline.

In order to fully satisfy the conditions precedent to drawdown under the Debt Financing Facility and execute the construction contract, the Company has made the decision to complete a fully underwritten A\$10 million (approximately) Renounceable Rights Issue. The implementation of the Rights Issue addresses the costing issues to progress Stage 1 of the Project. The Company will also advance the engineering design work on Stage 2 expanded production case of 600,000 tpa. This will take approximately 18 months. Importantly, the Rights Issue proceeds will provide the Company with sufficient working capital beyond the commission of Stage 1 of the Plant.

The Rights Issue offers Shareholders the ability to acquire shares in the Company at an attractive price at the time of this Offer, and in quantities that would be very hard to achieve on market. The Rights Issue also allows for a Shortfall Subscription Facility to allow eligible Shareholders to subscribe for additional new shares above their pro rata allocation, providing them with the opportunity to increase their interest in HSK and share further in the future performance of the Company.

This Offer Document describes in detail the Company's Offer to Eligible Shareholders of a renounceable Rights Issue which entitles you to acquire 10 New Shares in the Company for every 7 Shares you hold, at a price of \$0.03 per New Share. A maximum of 330,854,387 New Shares will be issued and the New Shares will rank equally with the Company's existing Shares on issue. The Closing Date for acceptance and payment is 5.00pm Melbourne time on 15 January 2016.

Further information on the Offer is set out in this Offer Document.

You should carefully consider this Offer Document in its entirety and consult your financial adviser before making an investment decision. In particular, you should consider the 'Key Risks' section of the Company's Investor Presentation included in Section 6 of this Offer Document which contains some of the key risks associated with an investment in the Company.

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

I thank all of our shareholders for their continued support and encourage you to take up your Entitlement under the Offer to enable you to fully participate in the Company's future growth and success.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Garry Cameron', with a stylized flourish at the end.

Garry Cameron
Chairman

3. KEY FEATURES OF THE OFFER

3.1. Summary of the Offer

Type of Offer	Renounceable Rights Issue.
Issue Ratio	10 New Shares for every 7 Shares held.
Issue Price	\$0.03 per New Share.
Eligible Shareholders	Shareholders who have a registered address in Australia and New Zealand may apply for New Shares under the Rights Issue. Ineligible Shareholders may not subscribe for New Shares under the Rights Issue. However, the Company has applied to ASIC to appoint Morgans Corporate Limited as nominee to arrange for the sale of Rights on behalf of Ineligible Shareholders.
Capital Raised	\$9,925,632 (before the costs of the Rights Issue).
Use of Funds	<p>The purpose of the Rights Issue is to raise funds to satisfy the terms of the Debt Facility Agreement. The funds raised will be applied towards the development of the Moberly Project, including:</p> <ul style="list-style-type: none"> • all supporting business activities • to initiate both engineering and capital design work on the stage 2 expansion of 600,000 tpa; and • the additional capital and working capital costs associated with the construction of the Moberly Frac Sand Project.
Discount	The Company's share closing price on 4 December 2015 (the last day a trade was recorded before the announcement of the Rights Issue) was \$0.052. Therefore, the Issue Price of \$0.03 represents a discount of approximately 42% to this closing price.
New Shares to be issued	330,854,387 New Shares.
Shares on issue following Rights Issue	562,452,458 Shares.

4. DETAILS OF THE OFFER

4.1. The Offer

The offer to subscribe for New Shares under the Rights Issue is made to Eligible Shareholders whereby Eligible Shareholders may subscribe for 10 New Shares for every 7 Shares held by the Eligible Shareholder as at 7:00pm AEST on 21 December 2015 for an issue price of \$0.03 per New Share (*Offer*).

The Offer will result in the Company raising \$9,925,632 (before the costs of the Rights Issue).

Please refer to the Investor Presentation in Section 6 of this Offer Document for information regarding the purpose of the capital raising, the application of proceeds, key risks and information on the Company's activities. You should also consider publicly available information about the Company available at www.heemskirk.com and www.asx.com.au.

4.2. Underwriters

Morgans Corporate Limited have agreed to fully underwrite the Offer on the terms set out in Section 7.

4.3. Eligible Shareholders

This Offer Document contains an offer of New Shares to Eligible Shareholders. Eligible Shareholders are those holders of Shares who:

- (a) are registered as a holder of Shares on the Record Date;
- (b) have a registered address in Australia or New Zealand;
- (c) are not in the United States, are not a US Person and are not acting for the account or benefit of a person in the United States or a US Person; and
- (d) are eligible under all applicable securities laws to receive an Offer.

If you are not an Eligible Shareholder, you may not apply for New Shares under the Offer.

4.4. Rights Trading

You may sell or transfer all or part of your rights prior to 8 January 2016. Please refer to section 5 of this Offer Document for further information on how to sell or transfer your Rights.

4.5. Ineligible Shareholders

The Company has determined that it is unreasonable to make offers of New Shares to Shareholders with registered addresses outside Australia or New Zealand (*Ineligible Shareholders*). This decision was made having regard to the number of Ineligible Shareholders, the number and value of New Shares those Ineligible Shareholders would have been offered and the cost of and time involved in

complying with the legal and regulatory requirements of the jurisdictions in which the Ineligible Shareholders are domiciled.

The Company has applied to ASIC for approval for Morgans Corporate Limited to act as a nominee for Ineligible Shareholders and to arrange for the sale of the Rights which would have been offered to them. Morgans Corporate Limited will have the sole and absolute discretion to determine the timing and price at which the Rights may be sold and the manner in which they may be sold. Neither the Company nor Morgans Corporate Limited will be subject to any liability for a failure to sell the Rights or any failure to sell them at a particular price.

If in the reasonable opinion of Morgans Corporate Limited, there is not a viable market for the Rights or a surplus over the expenses of the sale cannot be obtained for the Rights that would have been offered to Ineligible Shareholders, then the Rights will be allowed to lapse and they will form part of the Shortfall Facility.

4.6. Major Shareholder Participation and Underwriting

First Samuel and Taurus Funds Management who are both major shareholders have provided the Company with a written undertaking that they intend to take up their full Entitlement.

The table below sets out the maximum number of Shares and the relevant interest which may be obtained by each of these shareholders, assuming that no other shareholder participates in the Offer.

	First Samuel		Taurus Funds Management*	
	Shares	Resulting Relevant Interest	Shares	Resulting Relevant Interest
Shares held prior to Offer	56,686,034	24.48%	51,561,885	22.26%
Maximum Rights taken up under Offer	80,980,048	24.48%	73,659,836	22.26%
Maximum application for Shortfall Securities	-	-	-	-
Maximum amount underwritten	84,404,592	-	84,404,592	-
Maximum Interest upon completion of the Offer	222,070,674	39.48%	209,626,313	37.27%

** Subject to the terms of the secured finance facility, Taurus Funds Management may be issued with 16,468,839 options over unissued shares exercisable on or before 15 July 2020 at \$0.0878.*

5. ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

This Section applies only to Eligible Shareholders.

5.1. What You May Do

You have the following options available in respect of the Rights Issue. You may:

- (a) take up all of your Entitlement;
- (b) take up all of your Entitlement and also apply for additional New Shares under the Shortfall Facility;
- (c) take up some of your Entitlement and subscribe for some of the New Shares in respect of your Entitlement;
- (d) sell all or part of your Entitlement prior to 8 January 2016; or
- (e) not take up any of your Entitlement.

5.2. Taking up all or part of your Entitlement

If you wish to take up all or part of your Entitlement, complete the Entitlement and Acceptance Form in accordance with the instructions set out on the front of the form and arrange for payment of the Application Monies in accordance with Section 5.7.

If you decide not to accept all of your Entitlement, or fail to accept your Entitlement by the Closing Date, your entitlement under the Offer will lapse.

5.3. Selling your Entitlement on ASX

If you wish to sell all or part of your Entitlement on ASX, please contact your stockbroker.

Rights trading on ASX commences on 17 December 2015 and the sale of your Rights must be completed by 8 January 2016 when Rights trading ceases.

5.4. Taking up Part of your Entitlement and Selling the Balance on ASX

If you wish to take up part of your Entitlement and sell the balance on ASX, please complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and arrange for payment of the Application Monies in accordance with Section 5.7. You may then provide instructions to your stockbroker regarding the remaining rights you wish to sell on ASX.

5.5. Dealing with all or part of your Entitlement other than on ASX

You may transfer all or part of your Rights to another person other than on ASX provided that the purchaser is not an Ineligible Shareholder or would be an Ineligible Shareholder if the purchaser were the registered holder of Shares.

If you wish to transfer all or part of your Entitlement to another person other than on ASX, forward a completed standard renunciation form (available from the Share Registry) and the applicable transferee's cheque for the applicable Application Monies to the Company by 5:00pm (AEST) on 15 January 2016.

If you wish to transfer part of your Entitlement to another person other than on ASX only, but also want to take up some or all of the balance of your Entitlement, you will need to take the steps described above in relation to the Rights you wish to transfer and complete the accompanying Entitlement and Acceptance Form in respect of the Rights you wish to take up.

If both a completed renunciation form and a completed Entitlement and Acceptance Form are submitted in respect of the same Rights, the renunciation will be given effect in priority to the acceptance.

5.6. Shortfall Facility

Shares which are not applied for will comprise the available New Shares under the Shortfall Facility. Under the Shortfall Facility, Shareholders who have subscribed for all of their Entitlement may, in addition to their full Entitlement, apply for additional New Shares, regardless of their present holding.

The number of additional New Shares available will depend on the size of the shortfall. The Company may, in consultation with the Underwriters 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.

If you apply for additional New Shares under the Shortfall Facility you should be aware of the following:

- (a) You may be allotted a lesser number of additional New Shares than applied for;
- (b) You shall be bound to accept a lesser number of additional New Shares if required by the Company;
- (c) You must accept a refund of money in respect of any additional New Shares applied for but not allotted; and
- (d) no interest will be paid on any money refunded to you should the circumstances above occur.

5.7. Closing Date for Applicants and Payment of Application Monies

All Entitlement and Acceptance Forms and Applications Moneys must be received by no later than 5.00pm (Melbourne time) on 15 January 2016. The Directors may extend the Closing Date by giving at least 3 Business Days' notice to the ASX prior to the Closing Date. As such, the date on which the New Shares are expected to commence trading on the ASX may vary.

Shareholders who are on the Company's Register at 7.00pm (Melbourne time) on 21 December 2015 will receive the right to acquire 10 New Shares for every 7 Shares held. Shareholders who are not on the Company Register by this date will not receive the right to acquire New Shares under the Offer.

Completed Entitlement and Acceptance Forms should be forwarded to the Company's Share Registry with a cheque for the amount due in respect of the number of New Shares applied for (together with any additional New Shares) (being the number of New Shares applied for multiplied by \$0.03) in the enclosed reply paid envelope by the Closing Date.

Cheques must be drawn in Australian currency on an Australian bank cheque and made payable to '**Heemskirk Consolidated Limited**' and crossed '**Not Negotiable**'. Shareholders are asked not to forward cash, postal notes or money orders by mail. Receipts for payment will not be issued.

Eligible Shareholders may submit payment for New Shares by using BPAY. In order to use BPAY, please follow the instructions set out on the Entitlement and Acceptance Form. Payment via BPAY will not necessitate the return of the Entitlement and Acceptance Form to the Company's Share Registry.

5.8. If you do not wish to take up any of your Entitlement

If you do not wish to take up any of your Entitlement, you are not required to take any action.

If you elect to not subscribe for any of your Entitlement, the Offer will lapse.

5.9 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form together with a cheque for the application moneys, or by the making of a payment in respect of an application by BPAY, constitutes a binding application to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an application by BPAY, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Offer Document, does not prohibit you from being given the Offer Document and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;

- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Offer Document is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs.

6. INVESTOR PRESENTATION



This presentation and any oral presentation accompanying it has been prepared by Heemskirk Consolidated Limited ("Heemskirk" or "the Company") in relation to a renounceable entitlement offer (the "Entitlement Offer") of new shares in Heemskirk ("New Shares").

Summary information

You should not act or refrain from acting in reliance on this presentation material. The information in this presentation is of a general nature and does not purport to be complete nor does it contain all of the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act 2001 (Cth) ("Corporations Act"). Further this overview of Heemskirk does not purport to be all inclusive or to contain all information which recipients may require in order to make an informed assessment of Heemskirk's prospects. It should be read in conjunction with Heemskirk's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au and www.heemskirk.com.au

You should conduct your own investigation and perform your own analysis in order to satisfy yourself as to the accuracy and completeness of the information, statements and opinions contained in this presentation before making any investment decision.

Not financial product advice

This presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire Heemskirk shares. It has been prepared without taking into account the objectives, financial situation or needs of individuals.

Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction.

Forward looking statements

This presentation includes certain statements that may be deemed "forward-looking statements". All statements in this presentation, other than statements of historical facts, that address future production, reserve or resource potential, exploration drilling, exploitation activities, funding initiatives and their impact on the balance sheet and capital structure, the frac sand market and events or developments that Heemskirk expects to occur, are forward-looking statements.

Important Notice & Disclaimer



Although Heemskirk believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward looking statements include market prices, exploitation and exploration successes, and continued availability of capital and financing and general economic, market or business conditions.

Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Heemskirk does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

To the maximum extent permitted by applicable laws, Heemskirk makes no representation and can give no assurance, guarantee or warranty, express or implied, as to, and takes no responsibility and assumes no liability for, the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omission, from any information, statement or opinion contained in this presentation.

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An investment in Heemskirk shares is subject to investment and other known and unknown risks, some of which are beyond the control of Heemskirk. Heemskirk does not guarantee any particular rate of return or the performance of Heemskirk. Persons should have regard to the risks outlined in this presentation.

Neither the underwriters, nor any of their advisers, nor the advisers of Heemskirk, have authorised, permitted or caused the issue, submission, dispatch or provision of this presentation and, except to the extent referred to in this presentation, none of them makes or purports to make any statement in this presentation and there is no statement in this presentation which is based on any statement by any of them.

To the maximum extent permitted by law, Heemskirk, the underwriter and their respective advisers, affiliates, related bodies corporate, directors, officers, employees and agents expressly disclaim all liability for any loss, claims, damages, costs or expenses arising out of, or in connection with, the information contained in this presentation.

Foreign selling restrictions

See the section below entitled "Foreign Selling Restrictions" for restrictions on participation in the offering by residents of the United States, Canada and other jurisdictions outside of Australia and New Zealand.

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Heemskirk and the Moberly Silica Project



- Heemskirk – an ASX listed resources company

Moberly Silica Project

- Located in British Columbia adjacent to the regional town of Golden, comprising of a granted mining lease and a freehold plant site
- Project designed to deliver API quality frac sand to customers predominantly in the Western Canadian Sedimentary Basin (WCSB)
- Stage 1 ungeared Net Present Value is estimated at C\$78 million and AUD 33 cps* using a Real Discount Rate of 7.5% (10.6% Nominal)



Moberly

*pre capital raise; AUD 14 cps post capital raise

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Key points



- Costing of Stage 1 construction of 300,000 tpa Moberly Frac Sand Plant has been finalised, paving way to satisfaction of conditions precedent to draw down on Tranche 1 of funding package
- As announced on 15 July 2015, the funding package from Taurus Funds Management is broken into two tranches:
 - Tranche 1: US\$25m to complete the 300,000 tpa construction and production development project (Stage 1)
 - Tranche 2: US\$15m to complete an expansion of the project (Stage 2) to a 600,000 tpa production level, once phase one has been successfully completed
- Capital raising to allow sufficient funds for project execution, expansion initiatives and working capital

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Capital Raising – expansion case also to be considered



The A\$10m capital raising is being undertaken due to:

1. The electrical design and procure being retendered by the lead contractor and requoted at a higher price as the initial selected subcontractor withdrew
2. The retendered electrical work also impacting the process install element of construction with respect to both cost and timeline – timeline extended from 12 to 14 months
3. Exchange rate fluctuations also impacting the estimate
4. Working capital being adjusted to cater for the timeline change
5. The conditions precedent for finance requiring full funding coverage for both capital and working capital for drawdown.

The capital estimate has increased by 14% to US\$26.6m.

The Company will also advance the engineering and design work on the Stage 2 expanded production case of 600,000 tpa – work in relation to this will take approximately 18 months.

See slides 18 and 20 for further details on application of funds

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Project Metrics - Key Assumptions: Stage 1 Development

- Nameplate production output capacity – 300,000 metric tonnes
- Recoveries in appropriate frac sand product size range of approximately 75%
- Capital costs with contingencies – US\$26.6m
 - Plant construction US\$23.9m
 - Other US\$2.7m
- Funding Stage 1 – US\$25m
- Project Free Cash Flow Undiscounted annual average – C\$11.2m
- Ungearred Project Internal Rate of Return Stage 1: 33%
- Current C\$/US\$ exchange rate is 0.75

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Project Metrics - Key Assumptions: Stage 1 Development

- Payback Period Stage 1: 2.9 years
- Project ungeared NPV is C\$78 million for Stage 1* and AUD 33 cps[#]
- Estimated time to completion of construction - 14 months
- Customer demand remains
- API specification frac sand product
- Defined in situ JORC Reserve is more than sufficient to satisfy current 20 year mine plan
- Appropriate permits in place
- The Project has an estimated terminal value of up to \$360 million[^] assuming Stage 1 construction only

*Using a Real Discount Rate of 7.5% (10.6% Nominal). The discount rate has been recently reviewed with the real WACC calculated at 6.37% and hence the chosen discount rate of 7.5% is regarded as being conservative. The Project model was independently audited by EY with no material issue identified in model structure or inputs.

Pre capital raise, AUD 14 cps post capital raise

[^] Depending on valuation method used

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Moberly – think about the concept we are embarking upon



Moberly JORC Resource

- Is large – 37.5 million tonnes with estimated 70% frac sand recovery and is open in several directions*

Resource Category	Dry tonnes 30 mesh to 140 mesh frac sand
Measured [^]	12.5 million tonnes @ 70% frac sand
Indicated [^]	25.0 million tonnes @70% frac sand
Total Measured + Indicated [^]	37.5 million tonnes @70% frac sand

[^] Mineral Resources for frac sand include that proportion modified to produce Ore Reserves of frac sand

- Production @ 300,000 tpa frac sand would suggest +60 years of mine life if complete conversion to reserves, expanded pit engineering and permitting was achieved
- If production was expanded, 600,000 tpa frac sand would suggest +30 years of mine life again, with hurdles achieved

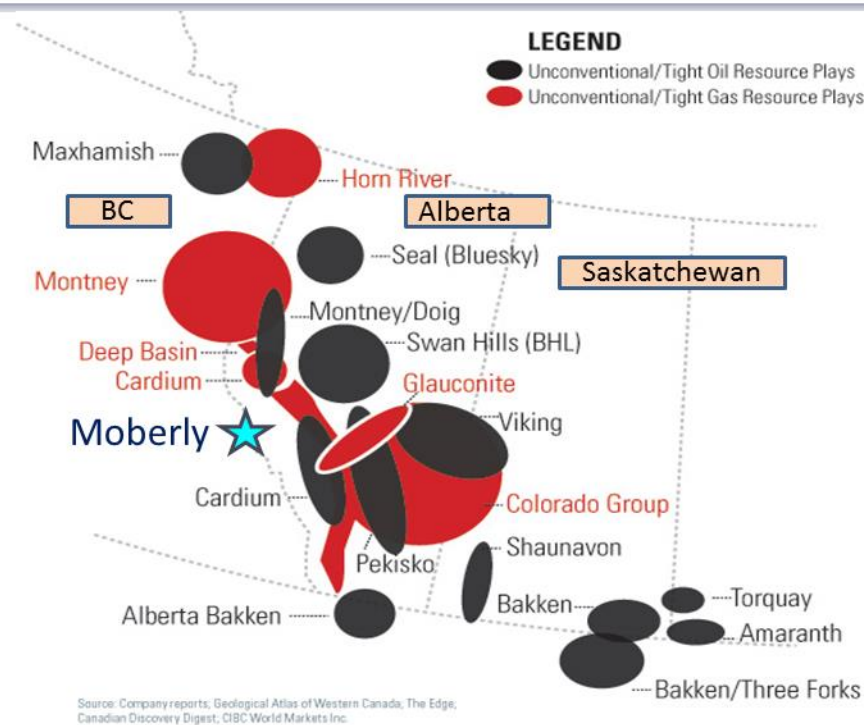
* See Reserves and Resources announced on 15 December 2015. The information in this presentation that relates to the Moberly Resource estimate is extracted from the report entitled "Annual Statutory Update of Resources and Reserves" which was based on information compiled by Malcolm Ward, (BSc (Hons), MSc (Queens) who is a member of the Australasian Institute of Mining and Metallurgy and released to the market on 15 December 2015 and is available to view on the Company's website, www.heemskirk.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in this market announcement, and in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed, except that with new equipment now to be used in the plant, recoveries are expected to be in the order of 75% based on test work. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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Proposed layout - Moberly plant site



Moberly – favourable logistics



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Frac sand market outlook in the WCSB



- Wells drilled still require stimulation (hydraulic fracturing) even if the well is intended to be shut in after completion
- Shut in wells are wells that can be brought into production quickly when prices recover or when additional production is required to meet contracted commitments
- The current trend in new well completions has been to use more sand than in the past
- We expect the usage of sand to increase per stage in completions over the next 12 months.
- Annual volumes year on year 2015 to 2016 are expected to be flat in Canada

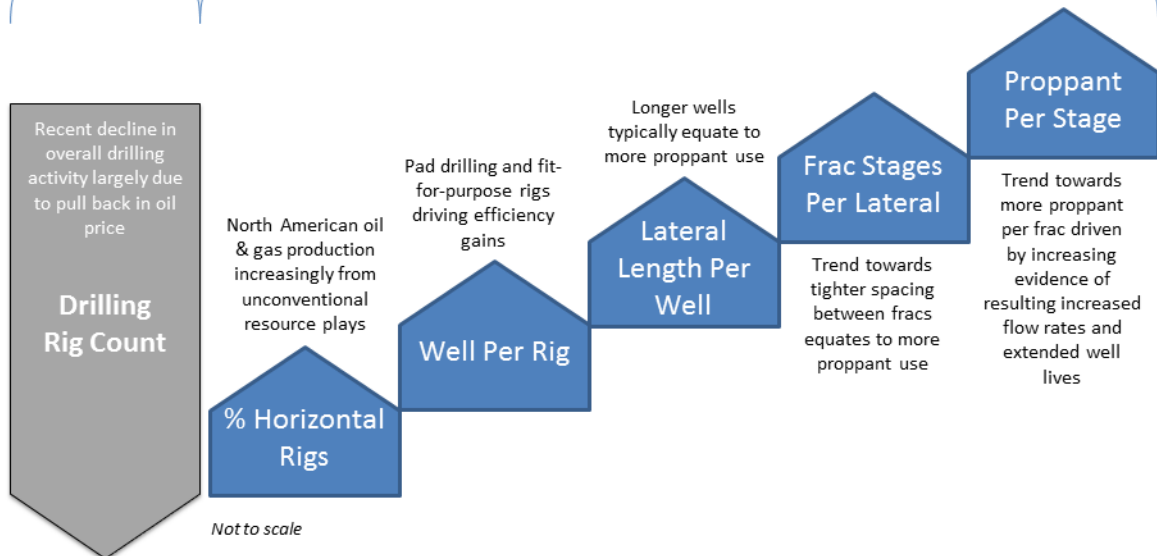
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Proppant demand trends



Commodity Price
Dependent

Positive Structural Demand
Trends for Proppant

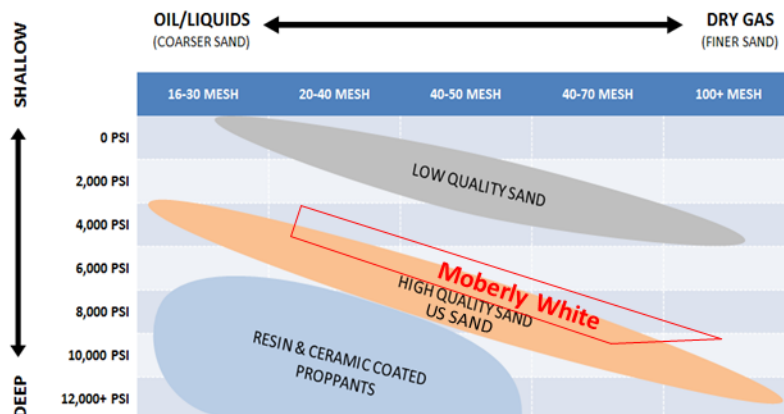


Lower oil price environment but more proppant use

Source: Industry charts

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Proppant quality and strength matrix



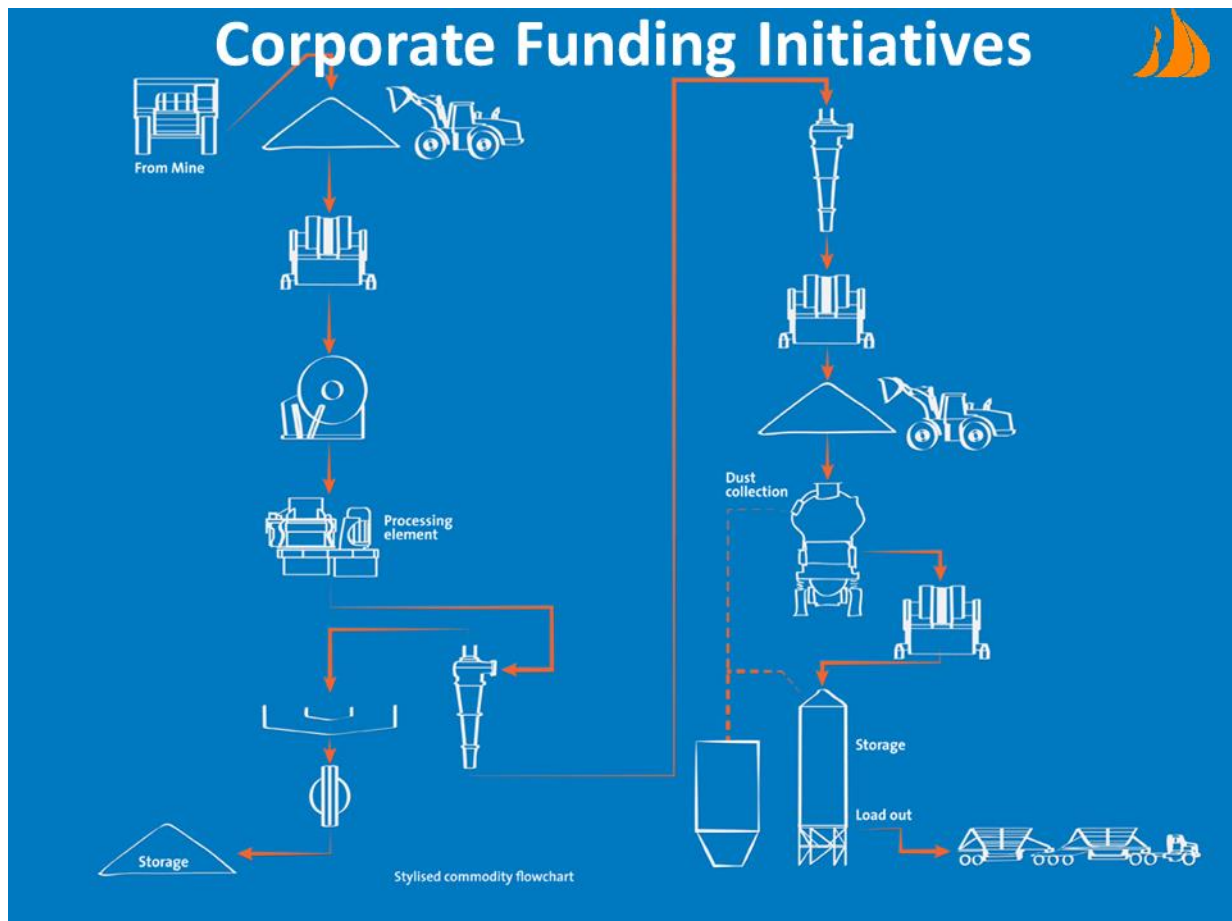
Moberly quality is high with broad oil and gas application

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- The Moberly Stage 1 Project is estimated to represent slightly less than 10% of regional consumption
- Mount Moberly White Frac Sand meets all API parameters and meets customer technical approvals within the region

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About Taurus Funds Management



- Independent, Sydney based global fund manager
- Clients include institutional and high net worth (wholesale) investors
- Specialises in investment products based on the mined commodities industry
- Team of geologists, mining engineers, mining financiers, metallurgists and portfolio managers provides the skills and experience for successful investing
- Founded in 2006 and first private equity fund commenced in July 2007
- Taurus intends to nominate an independent Non Executive Director to the Heemskirk Board

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Corporate funding overview in detail



Debt Funding Package	<ul style="list-style-type: none"> • As announced on 15 July 2015, Taurus Funds Management have provided a US\$40m secured debt funding package in two tranches: <p>Tranche 1 - US\$25m to complete the 300,000 tpa construction and production development project (stage one)</p> <p>Tranche 2 - US\$15m to complete an expansion of the project to a 600,000 tpa production level (stage two)</p>
Project Cost Metrics	<ul style="list-style-type: none"> • The capital costs associated with the project have increased by 14% primarily due to exchange rate variations and an increase in electrical component costings with more appropriate component cost incorporated into the design. The assumption of a 14 month timeline has seen an adjustment in working capital • To ensure the Company can demonstrate that the project is fully funded before a drawdown can be made, the Company will complete a fully underwritten A\$10 million rights issue
Rights Issue details	<ul style="list-style-type: none"> • Fully underwritten 10-for-7 Rights Issue to raise A\$10 million • The Rights Issue price of A\$0.03 per share ("Rights Issue Price") • Shareholder shortfall facility available to shareholders to increase percentage holding • The shortfall of rights not taken up will be placed to underwriters at the Rights Issue Price • The funds raised from the rights issue will be applied towards the development of the Moberly Project including all supporting business activities and to initiate both engineering and capital design work on the Stage 2 expansion of 600,000 tpa and the additional capital and working capital costs associated with the construction of the Project.

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Entitlement Offer – indicative timeline



Event	Date
Announcement of Rights Issue	15 Dec 2015
Dispatch of notices to shareholders informing of Rights Issue	16 Dec 2015
Ex date	17 Dec 2015
Rights trading commences	17 Dec 2015
Record date	21 Dec 2015
Offer Document and Entitlement & Acceptance form dispatched to shareholders	23 Dec 2015
Rights trading ends	8 Jan 2016
Closing date for Entitlement offer acceptances	15 Jan 2016
The Company to notify the Underwriter of any shortfall to be taken up	15 Jan 2016
ASX notified of undersubscriptions	20 Jan 2016
Dispatch of New Share transaction confirmation statements	22 Jan 2016

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Application of funds – corporate costs & refinements



Sources and uses summary

Sources of funds	A\$m	US\$m	Uses of funds	A\$m	US\$m
Cash and Portfolio Investments (30 November 2015)	6.8	4.8	Moberly Project construction contract	33.2	23.9
Rights Issue	10.0	7.2	Moberly Project other capex*	3.7	2.7
Taurus Facility (stage 1)	34.7	25.0	Working capital funding^	8.2	5.9
			Cash on balance sheet#	6.4	4.5
Total sources of capital	51.5	37.0	Total uses of capital	51.5	37.0

* costs associated with mine haul road construction, engineering and insurances

^ includes mining and hauling costs

to fund working capital requirements beyond commissioning of Stage 1 of the plant and to advance the engineering design work on Stage 2 expanded production case of 600,000tpa

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Pro Forma Balance Sheet



	30 Sep 2016 ⁽¹⁾	30 Nov 2016 ⁽²⁾	Ref Rights Issue	Pro Forma ⁽³⁾
	\$'000	\$'000		\$'000
ASSETS				
Current assets				
Cash and cash equivalents	8,974	8,220 (3),(4)	8,980	14,200
Trade and other receivables	253	203		203
Inventories	1,388	1,362		1,362
Other financial assets	3,402	1,629		1,629
Other current assets	235	128		128
Total current assets	11,272	8,642		17,623
Non-current assets				
Property, plant and equipment	4,380	4,230		4,230
Exploration, evaluation and mine development	7,461	7,463		7,463
Deferred tax assets	7	7		7
Other non-current assets	1,974	1,929		1,929
Total non-current assets	13,821	13,629		13,629
TOTAL ASSETS	25,093	22,270		31,151
LIABILITIES				
Current liabilities				
Trade and other payables	967	969		969
Interest bearing loans and borrowings	19	19		19
Provisions	255	293		293
Total current liabilities	1,251	1,270		1,271
Non-current liabilities				
Deferred tax liabilities	63	61		61
Interest bearing loans and borrowings	66	61		61
Provisions	40	39		39
Total non-current liabilities	167	161		161
TOTAL LIABILITIES	1,428	1,432		1,433
NET ASSETS	23,666	20,739		29,719
EQUITY				
Contributed equity	67,636	67,636 (3),(4)	9,700	97,636
Reserves	1,984	1,644		1,644
Retained earnings/(losses)	(66,165)	(68,741)	(720)	(69,451)
TOTAL EQUITY	23,666	20,739		29,719
Total no. of ordinary shares on issue	231,698,071	231,698,071		662,452,458
Net tangible assets per share (cents per share)	10.22	8.96		6.28
Reference:				
1. Based on audited financial statements				
2. Management review as at 30 November 2016				
3. Pro Forma Balance Sheet immediate post Rights Issue				
4. Expenses of the Rights Issue are estimated at \$0.300 million. These expenses are written off against the Contributed Equity Account.				
5. Includes working capital until January 2016.				

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Key risks



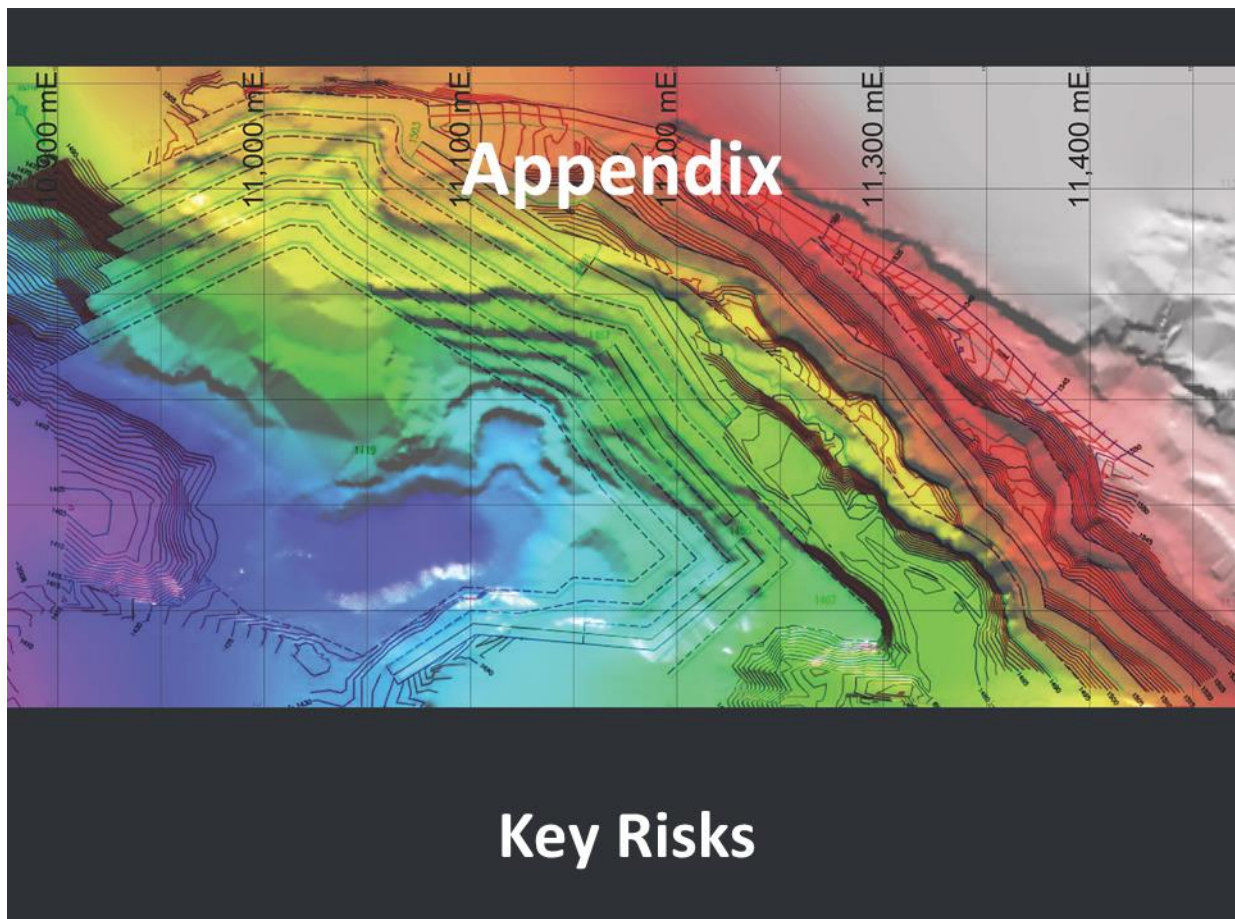
As with any stock market investment, there are various risks associated with investing in Heemskirk including:

Key Risks	
Production and cost estimates	Ore reserves and mineral resources
Geological and geotechnical	Foreign exchange
Regulatory	Weather and climactic conditions
Insurance	Environmental
Project completion	Debt funding
Dilution	Underwriting
Dividends	Share market conditions

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- Rights Issue enables Stage 1 build to be completed - Short build time Project
- Project high value with very favourable logistics
- Located in a first world country
- Quality product (API standard)
- Unique Canadian project located within the market environs of the WCSB
- Simple, scaleable, saleable



Key risks



As with any stock market investment, there are various risks associated with investing in Heemskirk including:

- Existing business and operational risks for Heemskirk
- Risks specific to Heemskirk's Moberly Frac Project
- Potential investors should consider whether the securities offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. Heemskirk has implemented appropriate strategies, actions, systems and safeguards for known risks; however, some are outside the Company's control.
- While some common risk factors are set out below, it is not possible to produce an exhaustive list. The Directors of Heemskirk recommend that potential investors consult their professional advisers before making any investment decisions.

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Business and operational risks



Production and cost estimates

- The ability of Heemskirk to achieve production targets, or meet operating and capital expenditure estimates on a timely basis cannot be assured. The assets of Heemskirk are subject to uncertainty with ore tonnes, grade, metallurgical recovery, ground conditions, operational environment, funding for development, regulatory changes, accidents and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment.
- Heemskirk prepares estimates of future production, cash costs and capital costs of production for its operation. No assurance can be given that such estimates will be achieved. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on Heemskirk's future cash flows, profitability, results of operations and financial condition.
- Costs of production may also be affected by a variety of factors, including: changing waste-to-ore ratios, product recoveries, labour costs, general inflationary pressures and currency exchange rates.
- Unforeseen production cost increases could result in Heemskirk not realising its development plans or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on Heemskirk's financial and operational performance.

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Business and operational risks cont.



Ore Reserves and Mineral Resources

- Heemskirk's Ore Reserves and Mineral Resources are expressions or judgements based on industry practice, experience and knowledge and are estimates only. Estimates of Ore Reserves and Mineral Resources are necessarily imprecise and depend to some extent on interpretations which may prove inaccurate. No assurance can be given that the estimated reserves and resources are accurate or that the indicated level of silica or any other mineral will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralisation or geological conditions may be different from those predicted. No assurance can be given that any or all of Heemskirk's Mineral Resources constitute or will be converted into reserves.
- Market price fluctuations of frac sand as well as increased production and capital costs may render Heemskirk's Ore Reserves unprofitable to develop at a particular site or sites for periods of time or may render mineral reserves containing relatively lower grade mineralisation uneconomic. Estimated reserves may have to be recalculated based on actual production experience. Any of these factors may require Heemskirk to reduce its mineral reserves and resources, which could have a negative impact on Heemskirk's financial results and the expected operating life of its mines.
- Actual Ore Reserves and Mineral Resources may differ from those estimated, which could have a positive or negative effect on Heemskirk's financial performance.

Replacement of depleted Ore Reserves

- Heemskirk must continually replace reserves depleted by production to maintain production levels over the long term. Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. Exploration is highly speculative in nature. Heemskirk's exploration projects involve many risks and are frequently unsuccessful. There is no assurance that current or future exploration programs will be successful. Also, if a discovery is made, it may take several years from the initial phases of drilling until production is possible.
- There is a risk that depletion of reserves will not be offset by discoveries or acquisitions or that divestitures of assets will lead to a lower reserve base. The reserve base of Heemskirk may decline if reserves are mined without adequate replacement and Heemskirk may not be able to sustain production beyond the current mine lives, based on current production rates.

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Business and operational risks cont.



Geological and Geotechnical

- There is a risk that unforeseen geological and geotechnical difficulties may be encountered when developing and mining Ore Reserves, such as unusual or unexpected geological conditions, pit wall failures, rock bursts, seismicity and cave-ins. In any of these events, a loss of revenue may be caused due to the lower than expected production and/or higher than anticipated operation and maintenance costs and/or on-going unplanned capital expenditure in order to meet production targets.

Foreign Exchange Risk

- Heemskirk is an Australian business that reports in Australian dollars. Heemskirk's revenue is derived from the sale of frac sand in Canadian dollars and funding for the Moberly Project is received in US dollars. Costs are mainly incurred by the businesses in both Australian and Canadian dollars therefore events in the CAD/USD, CAD/AUD and AUD/USD exchange rates may adversely or beneficially affect Heemskirk's results of operations and cash flows. The risks associated with such fluctuations and volatility may be minimised by any currency hedging Heemskirk may undertake although there is no assurance as to the efficacy of such currency hedging.

Regulatory Risk

- The operations of Heemskirk are subject to various Federal, State and local laws and plans including those relating to mining, prospecting, development, permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, land access, mine safety and occupational health.
- Approvals, licences and permits required to comply with such rules may, in some instances, be subject to the discretion of the applicable government or government officials, and, in some cases, the local community. No assurance can be given that Heemskirk will be successful in obtaining any or all of the various approvals, licences and permits or maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a timely manner or at all, Heemskirk may be curtailed or prohibited from continuing or proceeding with production and exploration.

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Business and operational risks cont.



Weather and climactic conditions

- Heemskirk's sites and operations are subject annual weather seasonality which, from time to time, may result in delays or loss of production.

Insurance risk

- Heemskirk maintains insurance coverage as determined appropriate by its board and management, but no assurance can be given that Heemskirk will continue to be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover all claims.

Environmental risk

- Mining and exploration can be potentially environmentally hazardous, giving rise to potentially substantial costs for environmental rehabilitation, damage control and losses. Heemskirk is subject to environmental laws and regulations in connection with its operations and could be subject to liability due to risks inherent in its activities, including unforeseen circumstances.

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Business and operational risks cont.



Hydraulic Fracturing

Due to significant public debate surrounding the environmental impacts of hydraulic fracturing, the industry is subject to substantial public and regulatory scrutiny and to rigorous public environmental approval and monitoring processes. The implementation of future regulations and approval processes may impact the market for frac sand products supplied by Heemskirk.

Industry Risk

International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas may have a material adverse effect on the Company's business, financial condition and results of operations.

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Moberly Frac Project risks



Completion risk

- There is no certainty that the project will complete.

Construction risks

- Completion of the Moberly Frac Project involves a number of typical construction risks including the failure to obtain necessary approvals, employee or equipment shortages, higher than budgeted construction costs, insolvency events and project delays, which may impact the commerciality and economics of the project.
- There are also risks associated with ensuring contractors and subcontractors perform their contractual obligations to the Company and do not withdraw from their contractual arrangements.

Debt funding risk

- Heemskirk has entered into financing commitments pursuant to which financiers have agreed to provide debt financing for the Moberly Frac Project construction on certain terms and conditions. If certain events occur (e.g. insolvency, compliance with bank covenants etc.), the financiers may terminate the debt financing agreement. Termination of the debt financing agreement would have an adverse impact on Heemskirk's sources of funding for the Moberly Frac Project. The financiers have obtained security interests over Heemskirk's assets to secure the funding, there is a risk that the financiers could enforce this security if Heemskirk defaults on its debt funding arrangement.

Dilution risk

- The rights issue is fully underwritten and available to all shareholders. Shareholders who do not accept their Entitlement Offer will have their Heemskirk shareholding diluted. As the Company's two major shareholders are sub-underwriting the Offer, those major shareholders may increase their percentage interest in the Company and remaining shareholders will be diluted. Further details of the maximum interest the major shareholders may acquire are set out in section 4.6

Liquidity risk

- The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realise their investment.

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Entitlement Offer and share investment risks



Underwriting risk

- Heemskirk has entered into an underwriting agreement under which the Underwriter has agreed to fully underwrite the Entitlement Offer, subject to the terms and conditions of the Underwriting Agreement between the parties.
- If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the Underwriting Agreement. In these circumstances Heemskirk would need to find alternative funding to meet its ongoing business operating requirements. Termination of the Underwriting Agreement could materially adversely affect Heemskirk's business, cash flow, financial condition and results of operations.

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Entitlement Offer and share investment risks



Underwriting risk cont.

There are certain events which may occur which trigger termination of the Underwriting Agreement. These termination events include where:

- The documentation for the Entitlement Offer or any aspect of the Entitlement Offer does not comply with the Corporations Act, ASX Listing Rules, the ASX Waivers or any other applicable law;
- A member of the Heemskirk Group breaches or defaults under any provision, undertaking, covenant or ratio of a material debt or financial arrangement or any related documentation which has an adverse effect on the Heemskirk Group;
- There is a material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the assets, liabilities, earnings, business (including the revocation or suspension of any authorisation or licence from a Government authority required to effect the Company's activities), results of operations, management or prospects of the Company from that described in the Offer Document; or
- A circumstance arises after lodgement of the Offer Document that results in the Company either repaying the money received from applicants or offering applicants an opportunity to withdraw their applications for New Shares and be repaid their Application Money;

Dividends

- Any future determination as to the payment of dividends by Heemskirk will be at the discretion of the Directors and will depend on the financial condition of Heemskirk, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the future payment of dividends or franking credits attaching to dividends can be given by Heemskirk.

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Entitlement Offer and share investment risks



Share market conditions

Share market conditions may affect the value of Heemskirk's quoted shares regardless of Heemskirk's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither Heemskirk nor the Directors warrant the future performance of Heemskirk or any return on an investment in Heemskirk.

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Key terms of secured debt funding package



1. Up to US\$40m funding in two tranches
2. Interest Rate – 10% per annum, including any capitalised interest
3. Arrangement Fee – 2% of Facility amount (settled by the issue of shares in HSK in July 2015)
4. Commitment Fee – 2% on undrawn amounts at each phase
5. Issue of up to 25 million options:
 - 8.7 million options issued and exercised in July 2015 on signing of the Loan Facility Agreement
 - the balance will be issued pro rata for amounts drawn
 - Options strike price calculated at a 25% premium to the 10 day VWAP prior to date of signing the Facility (A\$0.0878)
6. 2% Gross Revenue Royalty, ex Plant Price
7. Maturity date 31 August 2020, plus 12 month extension option

7. IMPORTANT INFORMATION

7.1. Information

This Offer Document (including the Investor Presentation in Section 6) and enclosed personalised Entitlement and Acceptance Form (**Information**) has been prepared by the Company.

This Information is dated 15 December 2015. This Information remains subject to change without notice and the Company is not responsible for updating this Information.

The Offer is being made without a prospectus on issue. The Rights Issue is permitted without a prospectus having regard to Section 708AA of the Corporations Act as the Company has met the requirements of this section and has lodged a Section 708AA Notice with ASX.

There may be additional announcements made by the Company after the date of this Offer Document and throughout the period that the Offer is open (**Offer Period**) that may be relevant to your consideration of whether to take up or do nothing in respect of your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by the Company (by visiting www.asx.com.au) before submitting your Entitlement and Acceptance Form.

No party other than the Company has authorised or caused the issue of this Information, or takes any responsibility for, or makes any statements, representations or undertakings in this Information.

This Information is important and requires your immediate attention. You should read this Information carefully and in its entirety before deciding how to deal with your Entitlement. In particular, you should consider the risk factors outlined in the 'Key Risks' section of the Company's Investor Presentation included in Section 6 of this Offer Document, any of which could affect the operating and financial performance of the Company or the value of an investment in the Company.

You should consult your stockbroker, accountant or other professional adviser to evaluate whether or not to participate in the Offer.

7.2. Future performance and forward looking statements

This Offer Document contains certain 'forward looking statements'. Forward looking statements can generally be identified by the use of forward looking words such as 'expect', 'anticipate', 'likely', 'intend', 'propose', 'should', 'could', 'may', 'will', 'predict', 'plan', 'believe', 'forecast', 'estimate', 'target', 'continue', 'objectives', 'outlook', 'guidance' and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, statements regarding the outcome and effects of the Offer and the use of proceeds, certain plans, strategies and objectives of management, expected financial performance and the Company's debt arrangements. The forward looking statements, opinions and estimates contained in this Offer Document are based on assumptions and contingencies which are subject to change without notice, as are any statements about market and industry trends, which are based on interpretations of current market conditions. They involve known and unknown risks and uncertainties and other factors, many of which are

beyond the control of the Company and its officers, employees, agents and associates, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

There can be no assurance that actual outcomes will not differ materially from the forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Offer Document in light of those disclosures. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material. Any forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Readers are cautioned not to place undue reliance on forward looking statements.

The forward looking statements are based on information available to the Company as at the date of this Offer Document. Except as required by law or regulation (including the ASX Listing Rules), the Company undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

7.3. Past performance

Investors should note that past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) future performance of the Company including future share price performance.

7.4. Allotment and Trading of New Shares

The Company intends that the New Shares applied for by Eligible Shareholders will be allotted and issued on 22 January 2016. Transaction confirmation statements pertaining to those New Shares will also be despatched on 22 January 2016.

Until the allotment and issue of New Shares, Application Moneys will be held by the Company in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the Application Monies will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place.

The Company has applied for Official Quotation on ASX for the New Shares. It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving written confirmation of their holding will do so at their own risk.

The Company and the Underwriter disclaims all liability whether in negligence or otherwise (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statement, whether on the basis of confirmation of the allocation provided by the Company, the Share Registry or the Underwriter.

If you are in any doubt as to these matters, you should first consult with your stockbroker, accountant or other independent professional adviser.

7.5. Ranking of New Shares

From allotment, the New Shares issued pursuant to this Offer Document will rank equally in all respects with existing Shares.

7.6. Risks

The Investor Presentation details important factors and risks that could affect the financial and operating performance of the Company. You should refer to the 'Key Risks' section of the Investor Presentation which is included in Section 6 of this Offer Document. You should consider these factors in light of your personal circumstances, including financial and taxation issues, before making a decision in relation to your Entitlement.

7.7. Underwriting of Offer

The Company has entered into an underwriting agreement with Morgans Corporate Limited whereby the Underwriter has agreed to underwrite the offer up to \$9,925,632.

Fees

Morgans Corporate Limited will be paid a fixed management fee of \$100,000.00 for underwriting the Offer plus an underwriting fee of 4% of the amount underwritten (excluding amounts sub-underwritten by Taurus Funds Management and First Samuel).

Representations, warranties and undertakings of the Company

The Company has given standard representations, warranties, undertakings and indemnities to the Underwriter in respect of the Company and the Offer.

Termination

The Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of standard commercial termination events.

7.8. ASX Disclosure

The Company has lodged notices with ASX in compliance with its continuous disclosure obligations under the Corporations Act and the Listing Rules. You can view the Company's recent announcements on the ASX website www.asx.com.au.

7.9. Taxation

The Board considers that it is not appropriate to provide advice regarding the taxation consequences of subscribing for New Shares under this Offer Document.

The Company and its officers and advisers do not accept any responsibility or liability for any taxation consequences of Eligible Shareholders subscribing for and disposing of New Shares. As a result you should consult your own professional tax adviser in connection with subscribing for New Shares under this Offer Document.

7.10. Reference to 'you', 'your Entitlement'

In this Offer Document, references to 'you' are references to Eligible Shareholders and references to 'your Entitlement' (or 'your Entitlement and Acceptance Form') are references to the Entitlement

(or Entitlement and Acceptance Form) of Eligible Shareholders (as defined in Section 8), unless the context provides otherwise.

7.11. Jurisdictions

This Offer Document is intended for use only in connection with the Offer to Eligible Shareholders with a registered address in Australia or New Zealand. This Offer Document does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

This Offer Document, or any accompanying ASX announcements or the Entitlement and Acceptance Form, does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither this Offer Document nor the Entitlement and Acceptance Form may be distributed or released in the United States. The New Shares have not been, nor will be, registered under the US Securities Act of 1933, as amended (*US Securities Act*), or the securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered, sold or resold in the United States or to persons acting for the account or benefit of a person in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US State securities laws. In the Offer, the New Shares will only be sold in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act.

7.12. Governing Law

This Information, the Offer Document and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Victoria, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the court of Victoria, Australia.

7.13. Privacy

Shareholder information provided in the Entitlement and Acceptance Form will be made available to the Company and the Company's Share Registry. You are able to gain access to such information by contacting either of those entities. The information on the Entitlement and Acceptance Form is being collected for the purposes of determining the number of New Shares which the Company should issue to Shareholders and to allow the Company to act in accordance with Shareholders' instructions. Information that is provided in the Entitlement and Acceptance Form is also provided to the Underwriters, printers and mailing houses, ASX and other regulatory authorities. If you do not provide the information in the Entitlement and Acceptance Form, the Company will not be able to issue New Shares in accordance with your instructions.

To make a request for access or to obtain further information about the Company's privacy policy please contact the Company on +61 3 9614 0666.

7.14. Enquiries

If you have any questions regarding the Offer or your Entitlement, please contact the Company via:

Telephone: (03) 9614 0666
Facsimile: (03) 9614 4466
Email: hsk@heemskirk.com

Alternatively, contact your stockbroker, solicitor, accountant or other professional advisor.

8. GLOSSARY

In this Offer Document, the following terms will have the meanings ascribed to them as follows:

\$	Australian Dollar.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Application Monies	Money received by the Company from a Shareholder, being the Issue Price multiplied by the number of New Shares applied for.
ASX	ASX Limited (ACN 008 624 691).
Board	The board of Directors of the Company.
Business Day	A day upon which ASX is open for trading in securities and trading banks in Melbourne, Victoria are open for general banking business.
Closing Date	Date on which the Offer closes, being 5.00pm Melbourne time on 15 January 2016, which may be varied without prior notice by the Company.
Company	Heemskirk Consolidated Limited (ACN 106 720 138).
Director	A director of the Company.
Eligible Shareholder	A person who holds Shares in the Company as at the Record Date with a registered address in Australia and New Zealand.
Entitlement and Acceptance Form	The form attached to this Offer Document to be completed by Shareholders when applying for New Shares.
Entitlement or Entitlement Shares	The number of New Shares under the Offer each Shareholder is entitled to subscribe for calculated on the basis of 10 New Shares for every 7 Shares held by the Shareholder at the Record Date.
Ineligible Shareholders	Shareholders as at the Record Date who do not have registered addresses in Australia or New Zealand.
Investor Presentation	The investor presentation included in Section 6 of this Offer Document.
Issue Price	\$0.03 per New Share.
Listing Rules	Listing rules of ASX.
New Share	The Shares to be issued to Shareholders under the Offer.

Offer	The offer of New Shares under the Rights Issue pursuant to this Offer Document.
Offer Document	This offer document dated 15 December 2015.
Official Quotation	Has the same meaning as “Quotation” in the Listing Rules.
Record Date	Date on which the Entitlement is calculated, being 21 December 2015, which may be varied without prior notice by the Company.
Rights	The renounceable rights to subscribe for 10 New Shares for every 7 Shares held pursuant to this Offer Document.
Rights Issue	The pro-rata Entitlement to New Shares under the Offer.
Section	A section of this Offer Document.
Section 708AA Notice	A notice given by the Company pursuant to section 708AA of the Corporations Act.
Share	A fully paid ordinary share or a partly paid share in the Company.
Shareholder	A person who holds Shares in the Company.
Share Registry	Boardroom Pty Limited (ACN 003 209 836).
Shortfall Facility	The facility available whereby Eligible Shareholders may, apply for and be issued with additional New Shares above the Eligible Shareholder's Entitlement.
Underwriter	Morgans Corporate Limited (ACN 010 539 607)
Underwriting Agreement	The agreement between the Company and the Underwriters dated 15 December 2015 for the Underwriters to underwrite the Offer.

9. CORPORATE DIRECTORY

Registered Office

Level 17, 303 Collins Street
Melbourne Victoria, 3000
Ph: (03) 9614 0666
Fax: (03) 9614 4466
Email: hsk@heemskirk.com

Directors

Mr Garry Cameron
(Non-Executive Chairman)

Mr Peter Bird
(Managing Director)

Mr John Taylor
(Non-Executive Director)

Company Secretary

Mr Andrew Metcalfe

ASX Code

Shares: HSK

Principal Legal Adviser

GrilloHiggins Lawyers
Level 20, 31 Queen Street
Melbourne VIC 3000

Underwriter

Morgans Corporate Limited

Auditor

Ernst & Young

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Ph: 1300 737 760 (within Australia)
Ph: +61 2 9290 9600 (outside Australia)
Fax: 1300 653 459

HEEMSKIRK CONSOLIDATED LIMITED

ABN: 18 106 720 138

STOCK BROKER USE ONLY

Date	Entitlement Reduced to	Signed By

ENTITLEMENT & ACCEPTANCE FORM

Offer closes 5.00pm 15 January 2016

Subregister:

HIN / SRN:

Entitlement No:

Number of Shares held
at 7:00 pm AEST on 21 December 2015:

A renounceable entitlement offer of 10 New Shares for every 7 Shares held at an issue price of \$0.03 per Share to raise approximately \$9,925,632 before costs of the issue.

A Entitlements Acceptance

If you wish to accept your **FULL ENTITLEMENT** please complete and return this form **WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW**. The return of this form by 5.00 pm Melbourne time on 15 January 2016 with payment will constitute acceptance of the Offer.

Entitlement to New Shares on the basis of 10 New Shares for every 7 Shares held	Price Per Share	Amount Payable for Full Acceptance, at \$0.03 per Share
	\$0.03 per Share =	

If you wish to accept **PART ONLY OF YOUR ENTITLEMENT** please complete this form showing in the box below the **NUMBER OF SHARES BEING ACCEPTED** and the appropriate amount payable

Number of Shares accepted	Price Per Share	Amount Enclosed
	\$0.03 per Share =	\$

If the person completing this form is acting for the Shareholder, the return of this form together with payment will constitute acceptance of the Offer by the Shareholder, and if that person is acting under Power of Attorney, he/she states he/she has not received notice of revocation and that he/she has authority to accept the Offer.

B Apply for Shortfall shares (if available)

If you subscribe for all of their Entitlement you may apply for additional shares to your Rights Entitlement above, please insert the number of shares in the box below and the appropriate amount payable. These additional shares will only be allotted if available.

Number of Additional Shares Applied for	Price Per Share	Amount Enclosed
	\$0.03 per Share =	\$

C Payment

Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at Boardroom Pty Limited. Payments cannot be made at any bank. If paying by BPAY you do not need to return the Entitlement and Acceptance Form.

Payment Option 1 - BPAY



Billers Code:

Ref:

Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque, credit or savings account.

More info: www.bpay.com.au ® Registered to BPAY Ltd ABN 69 079 137 518

- To pay via BPAY please contact your participating financial institution
- If paying by BPAY you do not need to return the Entitlement and Acceptance Form
- If paying by BPAY the payment received divided by the issue price will be deemed to be the total number of Shares you are applying for.

Payment Option 2 – Cheque (Record cheque details below)

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT \$AUD
				\$

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to "Heemskirk Consolidated Limited" and crossed Not Negotiable.
- Please ensure that you submit the correct amount. Incorrect payments may result in your application being rejected.

PLEASE REFER TO REVERSE FOR LODGING INSTRUCTIONS.

D Contact Details

CONTACT NAME	EMAIL ADDRESS	TELEPHONE – WORK	TELEPHONE - HOME

Important Information: This document is of value and requires your immediate attention. If in doubt consult your stockbroker, solicitor, accountant or other professional advisor without delay.

The Offer to which this Entitlement and Acceptance Form relates does not constitute an offer to any person who is not a Qualifying Shareholder, and in particular is not being made to Shareholders with registered addresses outside Australia and New Zealand. This Entitlement and Acceptance Form does not constitute an offer in the United States of America (or to, or for the account or benefit of, US Persons) or in any jurisdiction in which, or to any persons to whom it would not be lawful to make such an offer.

ACCEPTANCE OF THE OFFER

By either returning the Entitlement and Acceptance Form with payment to the Share Registry, or making payment by BPAY, by 5.00pm AEST on 15 January 2016:

- you represent and warrant that you have read and understood and agree to the terms set out on this form.
- you represent and warrant that you are not located in the United States or a US Person and are not acting for the account or benefit of a US Person or any other foreign person;
- you provide authorisation to be registered as the holder of Shares acquired by you and agree to be bound by the constitution of Heemskirk Consolidated Limited; and
- your application to acquire Shares is irrevocable and may not be varied or withdrawn except as allowed by law.

HOW TO ACCEPT SHARES OFFERED

1. **BPAY payment method:** The total amount payable to accept your entitlement in full is shown in section A on the front of this form. Contact your Australian bank, credit union or building society to make this payment from your cheque, savings or credit account. For more information visit: www.bpay.com.au. Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before 5.00 pm AEST on 15 January 2016.

If the BPAY payment is for any reason not received in full, the Company may treat you as applying for as many Shares as will be paid for by the cleared funds. Shareholders using the BPAY facility will be bound by the provisions relating to this Offer. **You are not required to submit this Entitlement and Acceptance Form if you elect to make payment using BPAY.**

2. **Cheque payment method:** The total amount payable to accept your entitlement in full is shown in section A on the front of this form. Complete your payment details in section C and send your cheque/bank draft and the completed form to Boardroom Limited at the address shown below so as to reach the Share Registry before the close of the Offer at 5.00pm AEST on 15 January 2016.

Postal Delivery:

Heemskirk Consolidated Limited
C/- Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Hand Delivery:

Heemskirk Consolidated Limited
C/- Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

TO ACCEPT SOME OF THE SHARES OFFERED AND SELL THE REMAINING ENTITLEMENTS THROUGH A STOCKBROKER

Insert in the boxes on the front of this Entitlement and Acceptance Form:

- the number of Shares accepted; and
- the amount of the cheque for those Shares.

Indicate in the "Instructions to Your Stockbroker" section below, the number of Shares you intend to accept, the amount of your cheque for those Shares and the number of Entitlements which you intend to sell. Send the Entitlement and Acceptance Form to your stockbroker with your cheque for the Shares accepted. Sale of your Entitlement must be completed by 8 January 2016 when Entitlements trading ceases.

TO SELL ALL YOUR ENTITLEMENTS THROUGH A STOCKBROKER

Insert the information required in the "Instructions to Your Stockbroker" section below. Send the Entitlement and Acceptance Form to your stockbroker. Sale of your Entitlement must be completed by 8 January 2016 when Entitlements trading ceases.

TO RENOUNCE SOME OR ALL OF YOUR ENTITLEMENTS OTHER THAN THROUGH A STOCKBROKER (ISSUER SPONSORED HOLDERS)

Obtain a Standard Renunciation Form from your stockbroker or Boardroom Pty Limited. Complete the Standard Renunciation Form with the number of Entitlements you are renouncing, making sure that it is signed by both you and the buyer, and your SRN (Securityholder Reference Number) is noted. If you are accepting some of the Shares offered, insert in the boxes on the front of this Entitlement and Acceptance Form:

- the number of Shares accepted, and
- the amount of your cheque for those Shares.

Lodge both the Standard Renunciation Form and the Entitlement and Acceptance Form with Boardroom Pty Limited by 5pm AEST on 15 January 2016, together with your cheque for any Shares you are accepting.

Entitlements trading commences on 17 December 2015 and ceases on 8 January 2016 by which time any sale of part or all of your Entitlement must be completed.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT BOARDROOM PTY LIMITED FOR ASSISTANCE ON (02) 9290 9600.

Instructions to Your Stockbroker

To be completed and sent to your stockbroker only if you wish to sell the whole or part of your Entitlement.

Please insert the appropriate number in each of the boxes below:

Number of the Shares which I intend to ACCEPT

Number of Entitlements which I intend to SELL

I attach a cheque/draft for the full amount of Shares accepted.

\$