

16 December 2015

Dear Shareholder

**Heemskirk Consolidated Limited – 10 for 7 Renounceable Rights Issue**

On 15 December 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 10 shares for every 7 shares held on 21 December 2015, at an issue price of \$0.03 per new share to raise approximately \$10 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 fixed management fee of \$100,000 plus an underwriting fee of 4% of the amount underwritten (excluding amounts sub-underwritten by Taurus Funds Management and First Samuel).

**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:

<b>Type of offer</b>	Renounceable Rights Issue
<b>Issue Ratio</b>	10 shares for every 7 shares held on the Record Date
<b>Issue Price</b>	\$0.03
<b>Fractional Entitlement</b>	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.

<b>Eligible Shareholders</b>	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.
<b>Premium</b>	The Company's Share closing price on 10 December 2015, (the last trading day before the Rights Issue was announced) was \$0.052. Therefore the Issue Price of \$0.03 represents a discount of approximately 42.3% to this closing price.
<b>Capital Raised</b>	Approximately \$10 million (before costs of the Rights Issue).
<b>Use of Capital Raised</b>	<p>The proceeds of the Rights Issue will be applied towards the development of the Moberly Project including:</p> <ul style="list-style-type: none"> <li>• all supporting business activities</li> <li>• to initiate both engineering and capital design work on the stage 2 expansion of 600,000 tpa; and</li> <li>• the additional capital and working capital costs associated with the construction of the Moberly Frac Sand Project.</li> </ul>
<b>New Shares to be issued</b>	Approximately 330,854,387
<b>Shares on issue following Rights Issue</b>	Approximately 562,452,458
<b>Underwriter</b>	Fully underwritten by Morgans Corporate Limited.

### Key dates

The current timetable for the Rights Issue is as follows:

<b>Activity</b>	<b>Date</b>
Announcement of Rights Issue	15 December 2015
Dispatch of notices to Shareholders informing of Rights Issue	16 December 2015
Shares quoted 'ex' rights and rights trading starts on deferred settlement basis	17 December 2015
Record Date	21 December 2015

Offer Document and Entitlement & Acceptance Form dispatched and announcement that dispatch completed	23 December 2015
Rights trading ends	8 January 2016
Securities quoted on a deferred settlement basis	11 January 2016
Closing date for acceptances	15 January 2016
The Company to notify the Underwriter of any shortfall to be taken up	15 January 2016
ASX notified of under subscriptions	20 January 2016
Issue date and end of deferred settlement trading	22 January 2016
Dispatch of New Share transaction confirmation statements	22 January 2016

*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 15 January 2016 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 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. The Offer is being made to all shareholders of the Company named on its register of members at 21 December 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](mailto: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 underneath.

Peter Bird  
Managing Director