

3 August 2015

Dear Shareholder

NON RENOUNCEABLE RIGHTS ISSUE OFFER OF OPTIONS

On 31 July 2015, Australian Rural Capital Limited (**ARC, the Company**) announced a pro rata non-renounceable rights issue (Rights Issue) to holders of shares in the Company as at 7.00pm AEST on Friday 7 August 2015 (**Record Date**). Pursuant to the Offer, the Company will offer Eligible Shareholders a total of 8,030,863 Options at an issue price of \$0.05 per Option. Each Option is exercisable at a price of \$0.50 per Share before 31 August 2020.

The Options will be offered on the basis of 9 Options for every 10 Shares held at the Record Date (Entitlement). The Options will be transferrable and the Company will make application to the ASX for official quotation of the Options. The funds raised will be approximately \$401,500 before expenses.

Eligible Shareholders will also be provided with the opportunity to further increase their shareholding in the Company by applying for additional Options in excess of their pro rata entitlement on the same terms as the Options subscribed for under the Rights Issue. Applications for additional Options will be satisfied in the event of and to the extent that there is any shortfall in acceptances of the Rights Issue.

This offer is only being extended to shareholders with registered addresses in Australia and New Zealand (Eligible Shareholders). All other shareholders (Non-Resident Shareholders) will not be offered entitlements under this issue. The Company has determined, in accordance with the Corporations Act and ASX Listing Rules, that it would be unreasonable to make the offer to Non-Resident Shareholders having regard to the number of shareholders in the places where the offer would be made, the number and value of the rights that would be offered, and the cost of complying with the legal requirements in those places.

The funds raised will be used to investigate ongoing potential acquisition of significant assets, which would be managed by a subsidiary entity, Australian Rural Capital Management Pty. Limited. Such investigations are likely to require expenditure on due diligence and other aspects. ARC is currently assessing a series of significant acquisitions, which if successful we believe to be ideal assets to build such a wholesale fund around, and would attract third-party support. To prudently advance this initiative, ARC's Directors believe that a small scale capital raising, in a form – five year options - which would provide significant upside potential to existing shareholders, is an appropriate method of ensuring the company's financial needs and shareholder value objectives are both met. Whilst ARC has significant in-house expertise through its board of Directors, the establishment of these funds requires ARC to access other professional third parties with specific expertise in the legal, tax and accounting areas. This inevitably comes at a cost, which ARC wishes to ensure does not impinge on its ability to fund "day-to-day" activities of the Company.

The anticipated timetable for the Rights Issue is as follows:

Announcement of Issue (and lodge Appendix 3B)	Friday 31 July 2015
Lodgement of Prospectus with ASIC	Friday 31 July 2015
Notice to Shareholders containing Appendix 3B information and timetable	Monday 3 August 2015
Shares commence trading on an ex rights basis	Wednesday 5 August 2015
Record Date for the Offer	Friday 7 August 2015
Prospectus and Entitlement and Acceptance Form despatched to Shareholders	Wednesday 12 August 2015
Opening Date of the Offer	Wednesday 12 August 2015
Closing Date of the Offer	Friday 28 August 2015
Options quoted on a deferred settlement basis	Monday 31 August 2015
Advise ASX of any Shortfall	Wednesday 2 September 2015
Issue Date (deferred settlement trading ends)	Friday 4 September 2015
Options commence trading on a normal T+3 basis	Tuesday 8 September 2015
Expected date of despatch of holding statements for Options	Friday 11 September 2015

This timetable is indicative only and is subject to change at the discretion of the Directors. The Directors also reserve the right to not proceed with the whole or part of the Offer at any time prior to allotment. In that event, application monies will be returned without interest.

A copy of the prospectus, lodged with ASIC and ASX on 31 July 2015 is available on the Company's website at www.ruralcapital.com.au or on the ASX website at www.asx.com.au. The Directors have confirmed their intention to apply for their full pro-rate entitlement under the Rights Issue.

Your entitlement

This letter is advance notice of some of the key terms and conditions of the Rights Issue. Full details of the Offer, together with a personalised Entitlement and Acceptance Form, are contained in the Rights Issue Prospectus (Prospectus) which will be mailed separately to Eligible Shareholders on Wednesday 12 August 2015. Only ARC Shareholders registered at 7pm AEST on Friday 7 August 2015 will be entitled to participate in the Rights Issue.

Shareholders should consider the Prospectus carefully in deciding whether or not to participate in the Rights Issue and will need to follow the instructions contained in the Entitlement and Acceptance Form to take up their entitlement of Options. Shareholders may also elect to apply for additional Options in excess of their pro-rate entitlement.

On behalf of the Board of ARC, I would like to thank you for your continued support and invite you to consider this opportunity to participate in the Rights Issue.

Yours sincerely,



James A Jackson
Executive Chairman.