

AUSTRALIAN RURAL CAPITAL LIMITED

ABN 52 001 746 710



PROSPECTUS

9 for 10 Non-Renounceable Rights Offer of
8,030,863 Options
exercisable at \$0.50 expiring 31 August 2020
at \$0.05 each

**Valid acceptances must be received by
5.00pm (AEST) on Friday 28 August 2015**

IMPORTANT INFORMATION

This Prospectus contains important information for you as a shareholder and requires your immediate attention.

It should be read in its entirety. If you have any questions as to its contents or the course you should follow, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.

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DIRECTORY

Directors

James Jackson	Executive Chairman
Andrew Brown	Executive Director
Darren Anderson	Non Executive Director

Company Secretary

Andrew Brown

Registered Office

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2-14 Kings Cross Road
POTTS POINT
NSW 2011

Communications

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mail: GPO Box 4870, SYDNEY NSW 2001
email: info@ruralcapital.com.au
website: www.ruralcapital.com.au

Share Registry

Boardroom Limited
Level 12
Grosvenor Place
225 George Street
SYDNEY NSW 2000

Auditors

BDO East Coast Partnership
Level 11
1 Margaret Street
SYDNEY NSW 2000

Bankers

National Australia Bank Limited
255 George Street
SYDNEY NSW 2000

In this Prospectus, a reference to "Group", "we", "us", "ARC", "the Company" or "our" is a reference to Australian Rural Capital Limited ABN 52 001 746 710 and the entities that it controls unless otherwise stated.

IMPORTANT INFORMATION

This Prospectus is dated 31 July 2015 and was lodged with ASIC on that date. Neither ASIC nor the ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No New Options will be issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. Options issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) to Eligible Shareholders and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisors to whom investors may consult.

The Company will apply to the ASX for Official Quotation of the Options offered pursuant to this Prospectus.

Eligible Shareholders should read this Prospectus in its entirety and seek professional advice where necessary. The Options the subject of this Prospectus should be considered speculative. An application for Options by Eligible Shareholders will only be accepted by following the instructions on the Entitlement and Acceptance Form accompanying this Prospectus as described in section 2.7 of this Prospectus. An application for Additional Options will only be accepted by completing the relevant section of the Entitlement and Acceptance Form or by making payment of the Application Monies via BPAY as described in section 2.7 of this Prospectus.

No person is authorised to give any information or make any representation in connection with the Offer described in this Prospectus. Any information or representation which is not contained in this Prospectus or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied upon as having been authorised by the Company in connection with the issue of this Prospectus.

FOREIGN SHAREHOLDERS

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, it would not be lawful to make such an offer or invitation.

NEW ZEALAND

The Options are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Summary of Important Dates

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

1: INVESTMENT SUMMARY

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of the Prospectus.

1.1 The Offer

This Prospectus invites Eligible Shareholders to participate in a pro-rata non-renounceable entitlement issue of approximately 8,030,863 Options at an issue price of \$0.05 per Option, on the basis of 9 Options for every 10 Shares held as at the Record Date of Friday 7th August 2015. Each Option is exercisable at \$0.50 per share and expires on 31 August 2020.

The Offer is not underwritten and there is no minimum subscription to the Offer.

On the same date as announcing the Offer, the Company applied to the ASX for the Options to be granted Official Quotation on the ASX. Official Quotation of the Options is expected to occur on 31 August 2015.

The Directors may at any time decide to withdraw this Prospectus and the Offer of Options made under this Prospectus, in which case the Company will return all Application Monies (without interest) within 28 days of giving notice of such withdrawal.

1.2 Option terms

A summary of the rights attaching to the Options is set out in sections 5.1 – 5.8.

1.3 Acceptance of Entitlement to Options

The number of Options to which an Eligible Shareholder is entitled and the total amount an Eligible Shareholder would have to pay if they choose to take up all of their rights to subscribe for Options is shown on the Entitlement and Acceptance Form accompanying this Prospectus. This Prospectus is for the information of Eligible Shareholders who are entitled and may wish to apply for the Options. Fractional entitlements will be rounded up to the nearest whole number.

Entitlements to Options can be accepted in full, in part or in excess of your Entitlement by completing and returning the Entitlement and Acceptance Form which accompanies this Prospectus together with your cheque or bank draft for the total amount payable or making payment of Acceptance Monies by BPAY in accordance with the instructions set out in section 2.7 and on the Entitlement and Acceptance Form.

Acceptance Monies should be rounded up to the nearest cent.

Application Monies for the Options must be received by the Company at its Share Registry by the Closing Date. Please refer to the timetable for the important dates of the Offer.

1.4 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer to:

Costs of Offer	\$ 10,000
Working capital	\$391,453
TOTAL	\$401,453

In the event that the Offer is not fully subscribed, the proportion of the proceeds applied to working capital will be scaled back so that the total amount raised will be applied first to the costs of the Offer, then to working capital.

1.5 Investment Highlights

Australian Rural Capital Limited (**ARC or the Company**) is one of very few companies with an emphasis on investment in the agribusiness and “agristructure” areas. ARC has acquired a significant 10.6% stake in Namoi Cotton Co-operative Limited (**Namoi**) capital units as a principal investment, but is seeking to expand its activities to encompass the management of specialist funds within the sector, open to wholesale investors. To properly expand this activity, ARC is required to perform due diligence and engage other professionals in structuring these investments appropriately. In order to maintain an appropriate level of working capital, the Company has decided to issue these Options to existing shareholders. These Options provide existing Shareholders with an increased exposure to any growth in the value of the Company.

1.6 Risk Factors

Investing in the Company involves risk. There are factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of the Company, are dependent on the policies adopted and approaches taken by regulatory authorities, or cannot otherwise be mitigated. If you are unsure about subscribing for Options, you should first seek advice from your stockbroker, accountant, financial or other professional advisor.

Details of risk factors are in various parts of section 6 as follows:

Section	Risk factor
6.2	Specific Risk factors associated with Options
6.3	Risk factors associated with owning ARC Shares
6.4	General risk factors
6.5	External risk factors
6.6	Specific risk factors to ARC’s business

1.7 Directors Intentions in respect of Entitlements

As at the date of this Prospectus, some of the Directors of the Company have either a direct or indirect interest in Shares. Set out below is a table summarising the Entitlement of each Director (based on their current holding) and how they intend to treat their Entitlement.

Director	Current Shares	Option Entitlement	Intentions
J A Jackson	1,611,406	1,450,266	Take up all
A J Brown	566,890	510,201	Take up all
D Anderson	255,319	229,788	Take up all

All Directors may or may not purchase additional Shares prior to the Record Date, and, subject to receipt of Shareholder approval, may or may not apply for Options in any Shortfall.

1.8 Applying for Additional Options

Entitlements not taken up may become available as Additional Options. Eligible Shareholders may, in addition to their Entitlements, apply for Options over and above their Entitlement at the Offer Price (Additional Options) regardless of the size of their present holding.

It is an express term of the Offer that applicants for Additional Options may be bound to accept a lesser number of Additional Options allocated to them than applied for. If a lesser number is allocated to them, excess Application Monies will be refunded without interest. The Company reserves the right to scale back any applications for Additional Options in their absolute discretion.

The Directors also reserve the right to issue any Options not allocated under the Offer within 3 months following the Closing Date at a price equal to the Offer Price.

1.9 Shortfall and Dilution of Shareholder's Interests

The Offer is not underwritten.

In addition to the process outlined in section 2.7, the Company intends to actively seek to place any Shortfall of Options not subscribed for by Eligible Shareholders.

Shareholders should be aware that to the extent that they do not accept their Entitlements in full, a Shortfall will arise and all or part of any Shortfall may be placed by the Company to other parties in which case their interest in the Company may be significantly diluted if the Options are eventually exercised.

Further the Offer is not being extended to Shareholders with registered addresses outside of Australia and New Zealand and the holdings of those Shareholders in the Company will be diluted by the Offer. Given the terms of the Offer, the interests of a Shareholder in the Company may be diluted by up to 47.4% in the event that they are not eligible to participate or elect not to accept their Entitlement in full if the Offer is fully subscribed or alternatively, any Shortfall is fully placed and all Options are subsequently exercised.

Acceptance of Entitlements or the placement of any Shortfall may also result in existing shareholders or new investors significantly increasing their interest in the Company or obtaining a substantial interest in the Company.

2: DETAILS OF THE OFFER

2.1 Offer to Eligible Shareholders

This Prospectus invites Eligible Shareholders to participate in a pro-rata non-renounceable entitlement issue of up to approximately 8,030,863 Options at an issue price of \$0.05 per Option on the basis of 9 Options for every 10 Shares held on the Record Date. Each Option has an exercise price of \$0.50 and a 5-year term expiring on 31 August 2020 to raise up to approximately \$401,500 before expenses. Only those Shareholders shown on the share Register at 7pm AEST (Sydney time) on the Record Date with a registered address in Australia and New Zealand will be entitled to participate in the Offer.

As at the date of this Prospectus, the Company has 8,923,181 Shares and 690,000 unlisted options on issue.

The Company has applied to the ASX for the Options to be granted Official Quotation on the ASX, which is expected to occur on 31 August 2015. Participants (as defined in the ASX Settlement Operating Rules) cannot deal in the Options either as principal or agent until Official Quotation is granted.

2.2 Purpose of the Offer

This purpose of the Offer is to raise up to \$401,543 before expenses.

The funds 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.

The proposed use of funds is subject to ongoing review and evaluation by the Company. As with any budget, the actual use of funds raised under the Offer may change depending on the outcome of various negotiations as they proceed. The Board reserves the right to alter the way in which funds are applied on this basis. To the extent that funds raised pursuant to this Prospectus are insufficient to meet the Company's proposed use of funds as described above, funds raised will be applied in the following order of priority:

- a. Expenses of the Offer;
- b. Working capital

The Company does not seek to raise a minimum amount under the Offer. In the event that insufficient funds are raised to meet the expenses of the Offer, the Company intends to use its existing working capital to meet the expenses of the Offer.

2.3 Important Dates

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
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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

These dates are indicative only and subject to change without notice. The Company may extend the period of the Offer or bring forward the Closing Date at their discretion. This may have a consequential effect on the other dates.

2.4 Minimum Subscription

There is no minimum subscription in respect of the Offer.

2.5 No Trading of Entitlements

Entitlements to Options pursuant to the Offer are non-renounceable and accordingly Eligible Shareholders may not dispose of or trade any part of their Entitlement.

2.6 Opening and Closing Dates

The Offer will open for receipt of acceptances at 9.00am AEST on Wednesday 12th August 2015 and will close at 5.00pm AEST on Friday 28 August 2015, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine and provided that the Company gives ASX notice of the change at least 3 Business Days prior to Closing Date

2.7 Entitlements and Acceptance

Eligible Shareholders may accept their Entitlement either in whole, in part or in excess of their Entitlement. The number of Options to which you are entitled (Entitlement) is shown in the Entitlement and Acceptance Form which accompanies this Prospectus.

In determining Entitlements, any fractional entitlement will be rounded up to the nearest whole number.

You may participate in the Entitlement Offer as follows:

(a) Take up your Entitlement in full and apply for Additional Options

If you are an Eligible Shareholder and wish to take up all of your Entitlement and apply for Additional Options in excess of your Entitlement, please:

- Complete the Entitlement and Acceptance Form which accompanies this Prospectus by inserting the number of Options for which you wish to accept the Entitlement Offer under this Prospectus **plus** the number of Additional Options (being more than your Entitlement as specified on the Entitlement and Acceptance Form); and
- forward the completed Entitlement and Acceptance Form together with your cheque or bank draft for the total amount payable (including the amount payable for the Additional Options) in the reply paid envelope to reach the Company's Share Registry, so that it is received by no later than 5.00pm AEST on the Closing Date or such later date as the Directors determine.

(b) Take up your Entitlement in full

If you are an Eligible Shareholder and wish to take up all of your Entitlement, please:

- Complete the Entitlement and Acceptance Form which accompanies this Prospectus in accordance with the instructions set out on the form; and
- Forward the completed Entitlement and Acceptance Form, together with your cheque or bank draft for the amount shown on your Entitlement and Acceptance Form in the reply paid envelope to reach the Company's Share Registry, so that it is received by no later than 5.00pm AEST on the Closing Date or such later date as the Directors determine.

(c) Take up some of your Entitlement

If you are an Eligible Shareholder and wish to take up only some of your Entitlement, please:

- Complete the Entitlement and Acceptance Form which accompanies this Prospectus by inserting the number of Options for which you wish to accept the Entitlement Offer under this Prospectus (being less than your Entitlement as specified on the Entitlement and Acceptance Form); and
- forward the completed Entitlement and Acceptance Form together with your cheque or bank draft for the total amount payable in the reply paid envelope to reach the Company's Share Registry, so that it is received by no later than 5.00pm AEST on the Closing Date or such later date as the Directors determine.

(d) Payment

Cheques and bank drafts, in Australian currency, should be made payable to “Australian Rural Capital Limited” and crossed “not negotiable”. You should ensure that sufficient funds are held in the relevant account(s) to cover the Acceptance Monies. If the amount of your cheque for Acceptance Monies is insufficient to pay in full for the number of whole Options for which you have applied in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of Options which equates to your cleared Acceptance Monies (and to have that number of Options on your Entitlement and Acceptance Form). If your cheque does not clear due to insufficient funds in your account, your Application will be rejected.

Payment will only be accepted in Australian currency and cheques, bank drafts, money orders and BPAY payments must be drawn on an Australian bank.

(e) BPAY

If you intend to pay for the Options by BPAY, there is no need to return the Entitlement and Acceptance Form (but you must ensure that your payment is received by no later than 5.00pm AEST on the Closing Date or such later date as the Directors determine). If you elect to make payment using BPAY, you must contact your bank, credit union or building society to make payment of the Acceptance Monies from your cheque or savings account. Refer to the Entitlement and Acceptance Form for the Biller Code and Customer Reference Number. Eligible Shareholders who have multiple holdings will have multiple Customer Reference Numbers.

(f) Do nothing

You may do nothing, in which case your Entitlement will lapse. However, if you are an Eligible Shareholder and you do nothing, then Options representing your Entitlement may be allocated to an Eligible Shareholder who applies for Additional Options or to other third parties procured by the Directors in exercising their discretion in placing any Shortfall.

You should also note that, if you do not take up your Entitlement, then although you will continue to own the same number of Shares, your percentage shareholding in the Company will decrease.

(g) General

If you have any queries concerning your Entitlement, please contact the Share Registry on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) or contact your stockbroker or professional advisor.

Entitlement and Acceptance Forms accompanying cheques or bank draft may be lodged at any time before the Closing Date. Applications received after the Closing Date may not be accepted. The Company will not be responsible for postal or delivery delays.

The Offer Price of \$0.05 for each option is payable in full on acceptance of part or all of your Entitlement.

Completed Entitlement and Acceptance Forms and accompanying cheques should be forwarded to the following address:

Boardroom Limited
GPO Box 3993
SYDNEY
NSW 2001

The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Monies will be held in trust in a subscription account until allotment of the Options. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the Acceptance Monies will be retained by the Company irrespective of whether allotment takes place. No stamp duty, brokerage or handling fees are payable by the Applicant for the Options offered by this Prospectus. Eligible Shareholders should obtain independent advice on the taxation implications arising out of their participation in the Offer.

2.8 Additional Options

Eligible Shareholders who have subscribed for their Entitlement in full may apply for Options in addition to their Entitlement. Please refer to section 2.7 (a) of this Prospectus for further information as to how to apply for Additional Options above your Entitlement.

It is possible that there will be few or no Additional Options available, depending on the level of acceptance of Entitlements by Eligible Shareholders. There is therefore no guarantee that in the event that Additional Options are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

In the event all Entitlements are not taken up, the Directors reserve the right to allocate any Additional Options at their absolute discretion. The Company may issue to an Applicant a lesser number of Additional Options or not proceed with the issuing of all or part of the Additional Options. If the number of Additional Options is less than the number applied for, surplus Application Monies will be refunded without interest.

2.9 Shortfall

Any Entitlements and Additional Options not taken up by Eligible Shareholders may become available as Shortfall which may be placed by the Company. The offer of any Shortfall is a separate offer made pursuant to the Prospectus (Shortfall Offer).

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place any Shortfall at their discretion within 3 months after the close of the Offer. Options offered pursuant to the Shortfall Offer will be issued at the same issue price as the Options offered to Eligible Shareholders under the Offer.

Any issue of Options to Directors under the Shortfall will be subject to the receipt of Shareholder approval.

2.10 Allotment of Options

The Options and Additional Options are expected to be allotted by no later than 11 September 2015. Options allotted pursuant to the placement of the Shortfall under section 2.9 may be allotted within 3 months after the Closing Date. Until the issue and allotment of the Options under this Prospectus has occurred, the Application Monies will be held 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 it irrespective of whether allotment of the Options takes place.

2.11 Application for Official Quotation

On the same date as announcing the Offer, the Company applied to the ASX for the Options to be issued pursuant to this Prospectus to be listed for Official Quotation by the ASX. If granted, quotation of the Options will commence as soon as practicable after the allotment of the Options to Applicants. If the ASX does not grant Official Quotation of the Options offered pursuant to this Prospectus within three months after the date of this Prospectus (or such period as varied by ASIC), the Company will not allot any Options and will repay all Application Monies for the Options within the time period prescribed under the Corporations Act, without interest.

A decision by the ASX to grant Official Quotation of the Options is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or of the Options now offered for subscription.

2.12 Underwriting

The Offer is not underwritten.

2.13 Overseas Shareholders

The Company has not made investigations as to the regulatory requirements that may prevail in the countries outside of Australia and New Zealand in which the Company's Shareholders reside.

The distribution of this Prospectus in places outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with those restrictions may violate applicable securities laws.

The Company has decided that it is unreasonable to make offers under this Prospectus to Shareholders with registered addresses outside Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of the Options they would be offered and the legal and regulatory requirements in those places and costs of complying with those requirements. Based on the Share Register of the Company as at 30 July 2015, the number of Options that Shareholders with registered addresses outside Australia and New Zealand would be entitled to subscribe for if they were Eligible Shareholders would be approximately 98,454 Options (representing approximately 1.2% of the Offer).

Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale, and no Options will be issued, to Shareholders having a registered address outside Australia and New Zealand (**Excluded Shareholders**).

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance of the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

All rights that would have been offered to Excluded Shareholders will be allowed to lapse and will form part of the Shortfall.

3: INFORMATION ON AUSTRALIAN RURAL CAPITAL

Background and abridged history

ARC Shares commenced official quotation on ASX under its former name of Huntleys' Business Network Limited (**Huntleys**) on 14 April 2000. After a period of unsatisfactory financial performance, the Directors of Huntleys agreed a transaction whereby the publishing and database assets of Huntleys were sold and the Company converted to a strategic equity investment company. This transition was effected after a General Meeting in May 2003 and the Company's name changed to Trent Capital Limited.

The Company raised \$3.3million through a prospectus issue in May 2003 and a further \$3.5million in May 2004 through a non-renounceable rights issue. Over the following ten years, the Company made various successful investments in financial services and profitably participated in the restructure of a number of smaller investment companies. However, these profits were outstripped by losses on investments in the retail and wine sector. In November 2006, the Company changed its name to Tidewater Investments Limited (**Tidewater**) and took a more pro-active stance in managing external assets. From 2009 – 2014, Tidewater had a long standing investment in Adelaide Resources Limited (**ARL**), a copper and gold exploration company.

From 2009 – 2011, the Company sought to repatriate capital to shareholders and from 2012 onwards, the Company made only modest new commitments and looked to refocus on a specific area of investment. After analysing a number of alternatives, the Directors of Tidewater agreed to the appointment of new management and an emphasis on investments in the agricultural and agricultural infrastructure ("agristructure") areas.

An intrinsic part of this refocus was the injection of new capital from parties supportive of this area of investment. In July 2014, a general meeting approved various resolutions to acquire capital units of Namoi Cotton Cooperative Limited (**Namoi**) in exchange for shares in the Company, ratified various cash placements, a 10-1 share consolidation, directorship appointment and two issues of options. In September 2014, to reflect the change of emphasis, the Company's name was changed to Australian Rural Capital Limited.

Since September 2014, the Company has been led by James Jackson, as Executive Chairman and the largest shareholder with an approximate 18% stake. James has background and experience in both capital markets and agribusiness, working with JB Were in Australia and SG Warburg & Co. over a ten year period in Equity Capital Markets and Institutional Sales. James is a company director and professional investor, and was a director of the ASX listed MSF Sugar Limited (known formerly as The Maryborough Sugar Factory Ltd) from 2004 and Chairman from 2008 until the agreed takeover in 2012. James is also currently the Deputy Chairman of Elders Limited.

From early 2014, the Company has rationalised its principal investment portfolio; the sole current investment is 11,679,604 capital units of Namoi, representing 10.6% of the issued capital. Namoi is one of Australia's largest cotton ginners, and has ginned over 1,000,000 bales (227kg/bale) in each of the three 2012-2014 growing seasons. Namoi also has significant interests in marketing this cotton as well as cotton seeds and other by-products of the process. ARC believes these capital units, which trade at less than one third of stated net asset value, are fundamentally underpriced. Namoi Cotton has a large strategic footprint in the fibre and food supply chains in some of Australia's most productive agricultural regions, excellent people and great capability and many options to grow and expand in the supply chains linking producers with markets. The key to this investment from our perspective is for Namoi to now implement the correct capital structure, which aligns the interests of

the grower shareholders with the interests of the capital providers. This will enable the business to be correctly valued, appropriately funded and with the financial capability to further grow the business and execute on the opportunities available to build value for shareholders.

Recent financial performance

The following table breaks the Company's financial performance at the pre-tax profit level into:

- **investment result** which comprised net gains on investments, and the change in fair value of investments retained ("mark to market") impact during the year; in the 2012 year, this result also includes accounting adjustments relating to the distribution of shares in Merricks Capital Special Opportunity Fund Limited and the profits on consolidation and disposal of the controlled entity, Continuation Investments Limited (**CIL**);
- **net operating costs** which includes all operating costs of the consolidated entity including share based payments and finance costs, but is after profits on the trading of derivatives and interest or dividend income.

Financial year to 30 June	Investment result	Net operating costs	Pre-tax profit	Comments on investment result
2011	(\$204,353)	(\$383,166)	(\$587,519)	Significant realised gains offset by mark to market of ARL shares
2012	(\$857,263)	(\$482,483)	(\$1,339,746)	Operating costs include partly owned subsidiary on consolidation; \$594k mark to market loss on ARL, \$725k writeoff of Cheviot Bridge Limited partly offset by \$600k profit on acquisition and disposal of CIL and other gains
2013	\$552,746	(\$247,301)	\$305,445	Investment gain on mark to market of ARL shares versus 30 June 2012 price
2014	(\$371,175)	(\$209,087)	(\$580,262)	Investment loss on sale of ARL shares versus 30 June 2013 price
2015	(\$464,776)	(\$252,367)	(\$717,143)	\$466k negative mark to market (~12%) on Namoi stake

It should be noted that net operating costs, which have averaged \$315,000 per annum over the period – though only \$236,000 in the past three years – have had to be funded from an equity capital base which has **averaged** less than \$3million over the five year period. Hence, in each year, over 10% of equity was being paid away in net operating expenses. This reflected the small equity base from which the Company was operating, rather than profligacy. These past results illustrate why the Company believes it should leverage its expertise into the generation of fee based income streams as well as retaining specific principal investments.

Since the commencement of the 2015 financial year, ARC has explicitly aimed to fund its operating costs from dividends and other income derived from the principal investment portfolio. In this respect, the Directors of ARC hoped to derive a larger distribution from the investment in Namoi than was actually paid, despite a very profitable year from the core ginning activities. Due to the drought influenced downturn in cotton growing volumes in the current and 2016 seasons, it is highly unlikely that this objective will be met, since Namoi's cash flow will be constrained.

Assuming no investment income, ARC expects its net cash operating expenses to be around \$250,000 in the year to 30 June 2016 together with an estimated \$35,000 in non-cash share based payments. These projections **exclude** any expenditure relating to new funds and asset acquisition initiatives which are detailed below.

Current strategy and rationale for capital raising

ARC is evolving to operate in four specific areas of investment:

- Principal investments in undervalued situations, usually where unconventional capital structures impede the pricing of the underlying assets – such as Namoi;
- Advising and consulting to external parties on unconventional capital structures in exchange for service agreements and fees – such as an agreement to represent certain A and B Class shareholders of Ricegrowers Limited;
- Through ownership of a wholesale Australian Financial Services Licence, the establishment of a wholesale unlisted fund to invest in large scale agricultural and agribusiness assets thereby generating management fees; and
- Principal investment by ARC in these funds.

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.

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.

ARC is unable, at the present stage, to provide the precise expenditure which may be required in the pursuit of the acquisition or the formation of an unlisted fund. In any event, if the fund is successfully formed, ARC may be able to recoup a portion of the establishment fees.

4: EFFECT OF THE OFFER ON THE COMPANY

4.1 Effect on Financial Position

To illustrate the effect of the issue on the Company, a pro-forma statement of financial position has been prepared based on the audited statement of financial position as at 30 June 2015.

The pro-forma statement of financial position shows the effect of the Offer as if the Offer under this Prospectus had been made on 30 June 2015 and assumes that the Offer is fully subscribed. The “pro-forma fully exercised” statement of financial position further assumes that all Options issued under this prospectus are exercised.

The accounting policies adopted in preparation of the pro-forma statement of financial position are consistent with the policies adopted and as described in the Company’s financial statements for the full year ended 30 June 2015.

The pro-forma statement of financial position has not been subject to an audit or review.

PRO-FORMA STATEMENT OF FINANCIAL POSITION

\$	Audited 30/6/2015	Issue Proceeds	Pro-forma 30/6/2015	Exercise of options	Pro-forma if exercised
CURRENT ASSETS					
Cash and cash equivalents	455,691	391,500	847,191	4,015,431	4,862,622
Namoi capital units	3,387,070	-	3,387,070	-	3,387,070
Trade and other receivables	3,648	-	3,648	-	3,648
TOTAL CURRENT ASSETS	3,846,409	391,500	4,237,909	4,015,431	8,253,340
NON-CURRENT ASSETS					
Deferred tax assets	14,284	-	14,284	-	14,284
Goodwill	7,709	-	7,709	-	7,709
TOTAL NON-CURRENT ASSETS	21,993	-	21,993	-	21,993
TOTAL ASSETS	3,868,402	391,500	4,259,902	4,015,431	8,275,333
CURRENT LIABILITIES					
Trade and other payables	50,733	-	50,733	-	50,733
TOTAL CURRENT LIABILITIES	50,733	-	50,733	-	50,733
TOTAL LIABILITIES	50,733	-	50,733	-	50,733
NET ASSETS	3,817,669	391,500	4,209,169	4,015,431	8,224,600
EQUITY					
Issued Capital	18,322,780	-	18,322,780	4,406,931	22,729,711
Share based payments r’srve	54,820	-	54,820		54,820
Option reserve (net)	-	391,500	391,500	(391,500)	-
Accumulated Losses	(14,559,931)	-	(14,559,931)	-	(14,559,931)
TOTAL EQUITY	3,817,669	391,500	4,209,169	4,015,431	8,224,600

The significant effects of the Offer (assuming the Offer is fully subscribed) will be:

- To increase cash reserves and equity by approximately \$391,500 (assuming cash expenses of the Offer of \$10,000) assuming a \$0.05 per Option subscription price;
- To increase the number of issued ordinary Shares by 8,030,863 to 16,954,044 Shares on issue in the event that all Options are exercised;
- in the event that all Options are exercised at the \$0.50 exercise price, an increase in cash and cash equivalents from \$847,191 to \$4,862,622; and
- an increase in net tangible asset backing per share from the 30 June 2015 audited level of \$0.427 per share to \$0.471 per share and \$0.485 per share if all Options are exercised.

4.2 Capital Structure and Potential Dilution

The share capital structure of Australian Rural Capital Limited immediately following the Offer, on the basis that the Offer is fully subscribed (excluding rounding of Entitlements), will be as follows:

Shares	Number	%
Ordinary Shares on issue at date of this prospectus	8,923,181	100.0
Number of new Shares under this prospectus	-	-
TOTAL	8,923,181	100.0
Options (total irrespective of strike price)		
\$0.70 Options on issue (unlisted) at date of this prospectus	690,000	7.9
Number of new \$0.50 Options under this prospectus	8,030,863	92.1
TOTAL	8,720,863	100.0
In the event that all of the \$0.50 options are allotted and eventually exercised:		
Shares	Number	%
Ordinary Shares on issue at date of this prospectus	8,923,181	52.6
Number of new shares from exercise of Options issued under this prospectus	8,030,863	47.4
TOTAL	16,954,044	100.0

Potential Dilution

If an Eligible Shareholder does not take up their Entitlement in full, this could result in their percentage holding in the Company being diluted by the Offer. The maximum possible dilution to an Eligible Shareholder's interest in the Company would be 47.4% in the event that all Options were allotted and exercised.

5: TERMS AND CONDITIONS OF OPTIONS AND NEW SHARES

The Options offered pursuant to this Prospectus will be issued on the following terms and conditions:

5.1 Consideration

The Options are issued on the basis of 9 Options for every 10 Shares held at a price of \$0.05 per Option.

5.2 Terms of Exercise

The exercise price of each Option is \$0.50 (Exercise Price).

The Options will expire on 31 August 2020 (Expiry Date).

Subject to and conditional upon any adjustment in accordance with the conditions set out below, each Option entitles the holder to subscribe for one fully paid Share upon payment of the Exercise Price prior to the Expiry Date.

The Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the Exercise Price per Option to the Company at any time on or after the date of issue and allotment of the Options, and on or before the Expiry Date.

On the valid exercise of the Options and payment of the Exercise Price, the Company will issue Shares ranking pari passu with the then issued Shares.

5.3 Transferability

The Options are transferable.

5.4 Rights to Participate

Holders of Options do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the Listing Rules, provide holders of New Options with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the Listing Rules.

Holders of Options do not participate in any dividends unless the Options have been exercised and the resultant Shares are issued prior to the record date to determine entitlements to the dividend.

5.5 Reconstructions

In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:

- (a) the number of Options, the Exercise Price, or both will be reconstructed (as appropriate) in a manner consistent with the Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of Options which are not conferred on Shareholders; and
- (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged.

5.6 Bonus Issues

If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Options is exercisable may be increased by the number of Shares which the holder of the Options would have received if the Options had been exercised before the record date for the bonus issue.

The terms of the Options may only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the Options must not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.

5.7 Prorata Issues

If the Company makes a rights issue (other than a bonus issue), the Exercise Price of the Options will be reduced according to the following formula:

$$A = O - \frac{E \times [P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the New Option;

O = the old exercise price of the New Option;

E = the number of underlying securities into which one New Option is exercisable;

P = the average market price per security (weighted by reference to volume) of the underlying securities during the five trading days ending on the day before the ex right date or the ex-entitlements date;

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

5.8 Quotation

The Company will make an application to the ASX for quotation of the Options.

5.9 Rights and Liabilities attaching to New Shares acquired upon exercise of the Options

The rights attaching to ownership of the New Shares are set out in the Company's Constitution, a copy of which is available for inspection at the registered office of the Company during business hours.

The following is a summary of the principal rights of holders of the New Shares, subject to any special rights attaching to any class of share at a future time. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's Shareholders.

5.9.1 Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every ARC Share held by them.

5.9.2 Dividends

The New Shares will rank equally with all other issued Shares in the capital of the Company and will participate in dividends out of profits earned by the Company from time to time. Subject to the rights of holders of Shares with any special preferential or qualified rights attaching to them, the profits of the Company are divisible amongst the holders of Shares paid in proportion to the total ARC Shares on issue. The Directors may from time to time pay to Shareholders such interim dividends as in their judgement the position of the Company justifies.

5.9.3 Transfer of the Shares

Other than for a transfer regulated by ASX Settlement, a transfer of Shares may be affected by an instrument of transfer approved under the Corporations Act or by an instrument of transfer in any usual form or by another form approved by the Directors or recognised by the ASX Listing Rules.

5.9.4 Refusal to Transfer

The Board may refuse to register any transfer of Shares which would result in contravention or failure to observe any State, Territory or Commonwealth law.

The Board may refuse to register any transfer of Shares upon which the Company has a lien.

The Directors are required to refuse to register a transfer of Restricted Securities or where the Listing Rules otherwise so require.

Otherwise, except as provided in the Constitution, the Directors shall not refuse to register or give effect to any transfer in registrable form.

5.9.5 Winding Up

Upon paying the Exercise Price, Optionholders becoming Shareholders will have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the Corporations Act.

5.9.6 Future Increases in Capital

The allotment and issue of any New Shares is under the control of the Directors. Subject to the Listing Rules, the Company's Constitution and the Corporations Act, the Directors may allot or otherwise dispose of New Shares on such terms and conditions as they see fit.

5.9.7 Variation of Rights

At present, the Company has only ordinary Shares on issue. If the shares of another class are issued, the rights and privileges attaching to ordinary Shares could only be altered with the approval of a resolution passed at a separate general meeting of the holders of ordinary Shares by a three quarter majority of such holders or the written consent of the holders of at least three quarters of the ordinary Shares.

5.9.8 Sale of Non marketable holdings

The Company may take steps in respect of non-marketable holdings of ARC Shares to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings in accordance with the Constitution and the ASX Listing Rules.

5.9.9 General Meeting

Each holder of Shares will be entitled to receive notice of and to attend and vote at general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

For more particular details of the rights attaching to ordinary Shares in the Company, investors should refer to the Constitution of the Company.

6: RISK FACTORS

6.1 Introduction

An overview of the key risks that may have a material adverse impact upon the future performance of the Company and the value of the Options and New Shares are described in this Prospectus and include those risks set out in this Section. The Company gives no assurances or guarantees of future performance or profitability, or payment of dividends.

The list of risk factors in this section should not to be taken as exhaustive of the risks faced by the Company or by investors in ARC. There may be other material risks which are not disclosed in this document because they were not known by the Company or were not considered to be material at the date of this Prospectus.

Some of the risks may be mitigated by the use of safeguards and appropriate systems and controls. However, many risks that may affect the Company are outside the control of the Company and its subsidiaries.

This Section does not take into account the investment objectives, financial circumstances or particular needs of individual Shareholders. It is important that Shareholders carefully read this Prospectus in its entirety (particularly the risks set out in this Section, consider their personal circumstances (including financial and taxation issues) and seek independent professional advice before deciding whether to subscribe for Options.

Set out below are some of the key risks that have been identified as potentially affecting the performance and value of the Options and New Shares issued upon their exercise, and the ability of the Company to potentially pay dividends in the future. The past performance of the Company is not necessarily representative of the future performance of the Company the Company or the value of the Options and New Shares.

6.2 Specific Risk factors associated with Options

The Options have a limited duration since they expire on 31 August 2020, unless exercised before that date. Hence, they do not represent an enduring ownership in the Company. The Options do not permit direct participation in dividends or new Share issues by the Company, unless exercised, nor have any voting rights. Hence, the Options do not provide the same benefits of Company ownership as underlying Shares.

In addition, the since the Options represent a derivative investment of ARC Shares, they may exhibit more volatile and exaggerated characteristics in the event that ARC Shares appreciate or depreciate significantly. In particular, if ARC Shares are not trading above \$0.50 around the time of the expiry of the Options on 31 August 2020, it is likely that the Options will have no intrinsic value and may expire worthless, leading to a total loss of the investment made to acquire these Options.

6.3 Risk factors associated with owning ARC Shares

The business activities of ARC are subject to risks. These risks include those which apply generally to investments in equity markets, and those which apply specifically to the Company's business. Some of the specific risks may be mitigated through the use of safeguards and contingency plans. However many risks are outside the control of the Company and its directors and cannot be mitigated.

Shareholders should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for the Options. Whether or not future income will result from the management of external funds, or the payment of dividends by investee companies, will depend upon our successful establishment of such funds and the investment of funds into investee companies which are capable of and decide to effect distributions to security holders.

The future performance of ARC and the future investment performance of ARC Shares may be influenced by a range of factors, many of which are outside the control of ARC or of any manager of any assets of ARC. The future value of ARC's assets and the price at which ARC Shares trade on the ASX may be influenced by any one or more of these factors. The following matters and summary of material risk factors given below should be carefully considered in evaluating the prospects of the Company.

6.4 General risk factors

There are business and market risks inherent in any listed security, which could materially affect the Company's earnings and the pricing of ARC Shares, including:

- (a) movements in local and international economies and share and capital markets;
- (b) changes in interest rates and other general economic conditions;
- (c) changes in investor sentiment and perceptions;
- (d) upheaval and uncertainty due to terrorist activities, insurrection, war and general conflict; and
- (e) changes in government fiscal, monetary and regulatory policies and statutory changes.

6.5 External risk factors

There are a number of external risk factors over which ARC has little or no control which could materially affect the future pricing of ARC Shares or the Company's earnings, including:

- (a) taxation, where changes to tax legislation and regulation, or their interpretation, may adversely affect the value of an investment in ARC Shares and may affect ARC shareholders differently;
- (b) changing economic conditions in Australia and globally which may affect ARC's business and financial condition. Any protracted slow down in economic conditions or adverse changes in such factors as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies) and employment rates, among others, are outside the control of ARC and the directors and may result in materially adverse impacts on the business and its operating results;
- (c) stock market losses, poor investment returns or volatility, a weakening or downturn of the financial services, funds and wealth management industries;

- (d) changes in accounting standards or in the interpretation of those accounting standards that occur in the future may adversely impact on ARC's business or the costs associated with ARC's business and may adversely affect its financial condition; and
- (e) illiquidity and subsequent volatility in the sale price of ARC Shares, with no guarantee that a more active market in ARC Shares will develop despite the increase in the number of ARC shareholders as a result of the Offer.

6.6 Specific risk factors

The key issues impacting the success of the business undertaken by ARC are:

- (a) the Company's success and growth strategy depends heavily upon the board of Directors. The loss of their services for any reason could have a material and adverse effect on the Company's business, operating results and financial condition;
- (b) the success and profitability of the Company depends, in part, upon the ability of the directors to invest in well-managed companies which have the ability to increase in value over time. In many cases, the directors and management of ARC will be unlikely to be in a position to influence materially the decisions and strategies made and adopted by the management of those companies;
- (c) In the event that ARC's capital is depleted, the Company may need to raise additional equity or debt funds in the future to finance its activities and requirements. There is no assurance that the Company will be able to obtain additional financing when required in the future, or that the terms and time frames associated with such funding will be acceptable to ARC, particularly having regard to the current uncertain economic environment. This may have an adverse effect on the Company's ability to achieve its strategic goals and have a negative effect on its financial results.
- (d) The Rights Issue may result in the eventual issue of New Shares. If you do not participate in the Rights Issue or you do not take up your full Entitlement, your percentage holding in the Company (held at the Record Date) may be reduced, by both the take up of Options by other Shareholders and investors, and upon the exercise of the Options. The extent of dilution will depend upon the extent to which the Offer is taken up, and the Options are exercised, resulting in an increase in the Company's issued share capital.
- (e) There is no guarantee that all the Options under this Offer will be taken up by the Eligible Shareholders. As noted in this Prospectus, the Directors may also not be able to place some or all of any Shortfall under this Rights Issue. Accordingly, the Company may not raise all of the funds proposed to be raised under the Rights Issue. This may have an adverse effect on the Company's ability to achieve its strategic goals and may have a negative effect on its financial results.

- (f) Post this Rights Issue, there is no certainty that the Company will achieve an improvement of its share price and any consequential beneficial impact on the price of Options. Due to the occurrence of adverse changes in the business or unforeseen circumstances, or general market conditions, the Shares (and consequently Options) may depreciate in value and Shareholder wealth may decline.
- (g) the price of investments that the Company has purchased can fall as well as rise;
- (h) the past performance of investments and funds managed by directors and persons associated with the directors are not necessarily a guide to the future performance of the Company;
- (i) the primary focus of ARC is investment in agricultural and agriculture related infrastructure assets. The financial performance of such companies is heavily governed by overall conditions in agricultural commodity markets, weather and crop volumes, over which neither ARC nor the investee company has any control. As a consequence, the performance of investments held by ARC may exaggerate movements in specific agricultural commodity markets in either a positive or negative manner;
- (j) ARC may make investments in companies with small market capitalisations. In general, trading in securities in such entities has more limited liquidity than larger companies and so has the potential for greater volatility. Accordingly, the returns that may be generated by the Company are likely to also be subject to that greater volatility;
- (k) ARC may make investments in securities which have limited or no voting entitlements. In general, such securities trade at a large discount to intrinsic value, but there is no guarantee that ARC will be able to exert adequate influence to change the voting rights of such securities, which may remain trading at high discounts. In addition, trading in such securities tends to have more limited liquidity than fully voting securities;
- (l) ARC may make investments in securities not listed on an organised stock exchange, where financial performance is heavily uninfluenced by managerial expertise, and where no ready market for the sale or liquidation of such investments exists. Accordingly, these investments carry substantially larger risks of financial loss;
- (m) ARC may give financial support to companies whose securities are not listed on an organised stock exchange and where the capacity to repay such financial assistance is heavily influenced by managerial expertise. Accordingly, the extension of such support carries substantially larger risks of financial loss;
- (n) the Company's current investment portfolio consists of only one security, being 11,679,604 capital units of Namoi Cotton Cooperative Limited, such capital units having limited voting and other governance rights, and is less diversified and less liquid than most other investment companies;
- (o) in the course of acquiring or selling investments, the Company is required to deal with counterparties who may be incapable of settling transactions due to financial stress. ARC mitigates this risk by dealing with brokers and counterparties of good standing;

- (p) shareholders are strongly advised to regard any investments in the Company as a long term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur over time;
- (q) operating costs for the Company as a proportion of total assets are affected by the level of total assets of the Company;
- (r) the price at which ARC Shares are traded on ASX may be below the net asset value of those ARC Shares. ARC's constitution does not entitle ARC shareholders to require the Company to implement a share buy-back or any other capital reconstruction or to take any other remedial action;
- (s) ARC may make investments in associated companies or companies which are owners of, or required to operate under, an Australian Financial Services License (**AFSL**). In the event that the officers and management of these investee companies fail to adhere to or maintain the conditions of any AFSL, these licenses may be revoked or suspended, or their terms and conditions amended with the result that these entities may suffer an adverse change in their financial condition and that of ARC;
- (t) ARC may make investments in associated companies or companies which are owners of, or required to operate under, AFSLs which may be subject to differing compliance requirements. Such requirements may change in the future as a result of changes in legislation, which may lead to the incurring of increased costs to maintain the conditions of these AFSLs, leading to an adverse change in their financial condition and that of ARC;
- (u) poor investment performance by ARC could inhibit the ability of ARC to raise funding in the future and reduce the willingness of distribution or administrative partners to do business with ARC;
- (v) revised anti-money laundering and counter terrorism financing laws and regulations (including AUSTRAC Rules), may have an impact on ARC's business or that of associated companies or companies operating with AFSLs in which ARC may invest. The nature of these laws and regulations may deter or slow the inflow of new funds. ARC or its investee companies may be forced to expend funds to put in place systems, or employ third parties, to ensure its compliance with those laws;
- (w) ARC may make investments in companies whose future prospects depend upon the ability of third party outsourced contract providers to provide services at a requisite standard, to enable the investee companies' products to be of a standard capable for sale to outside investors. In the event that such third party outsourced contract providers fail to provide an adequate standard of service, the investee companies' financial conditions could be adversely affected by legal claims resulting from portfolio unit pricing or valuation errors;
- (x) ARC could become subject to litigation in relation to investment losses, negligence or claims under contractual relationships with customers or suppliers. ARC will attempt to mitigate these losses through the maintenance of directors and officers liability insurance policies. Despite these protections, it is possible that claims not covered by insurance may arise which could have an adverse effect on ARC's financial performance and reputation and which would, in turn, lead to reduced earnings or asset backing; and

- (y) ARC is dependent upon its own financial management systems, which if damaged or disrupted could lead to financial loss. ARC attempts to mitigate such damage by utilising third party outsourced providers and backing up key business records.
- (z) The Company may be subject to litigation and other claims. This could result in negative publicity and/or additional expenditure.

This list is not exhaustive. Shareholders should read this offer document in full and, if they require further information on material risks, seek professional advice.

7: ADDITIONAL INFORMATION

7.1 Continuous Disclosure Obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and is subject to the regime of continuous disclosure and periodic reporting requirements. Specifically as a listed company, the Company is subject to the Listing Rules which require continuous disclosure to the market of any information possessed by the Company which a reasonable person would expect to have a material effect on the price or value of its Shares.

The Board of Directors have adopted a policy of compliance with the Listing Rules which sets out the obligations of the Directors, officers and employees to ensure the Company satisfies the continuous disclosure obligations imposed by the Listing Rules and the Corporations Act. The policy provides information as to what a person should do when they become aware of information which could have a material effect on the Company's Securities and the consequences of non-compliance.

7.2 Legal framework of this Prospectus

As a disclosing entity, the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities which are quoted enhanced disclosure (ED) securities and the Securities are in a class of securities that were quoted ED securities at all times in the 3 months before the date of this Prospectus.

This Prospectus is a 'transaction specific prospectus'. In general terms, a transaction specific prospectus is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether to invest or not invest.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at the ASX and copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

7.3 Information available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus:

- (a) the annual audited financial report for the Company for the year ending 30 June 2015 and lodged with the ASX on 31 July 2015;

- (b) any other financial statements or continuous disclosure notices given by the Company to the ASX in the period starting immediately after lodgement of the annual financial report of the Company for the period ended 30 June 2014 and ending on the date of lodgement of this Prospectus with ASIC.

Copies of ASX announcements made by the Company may be obtained on the ASX website.

The highest and lowest recorded market sale prices of the Company's Shares quoted on the ASX during the period of 3 months to the date of the announcement of the Offer were \$0.575 and \$0.50 respectively.

The closing price of the Company's Shares on the ASX on 31 July 2015 was \$0.495.

7.4 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.5 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisors before investing in the Options. Taxation consequences will depend on an individual's particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences connected with an investment in the Options referred to in this Prospectus.

7.6 Interests of Directors

(a) Directors' Holdings

As at the date of this Prospectus, the ARC Directors had the following relevant interests in the Securities of the Company. Interest includes those Securities held directly and indirectly.

Director	Position	Ordinary Shares	Unlisted \$0.70 options
Mr James Jackson	Executive Chairman	1,611,406	150,000 (vested) 300,000 (unvested)
Mr Andrew Brown	Executive Director	566,890	
Mr Darren Anderson	Non-executive Director	255,319	

It is the intention for all Directors to subscribe for all of their respective Entitlements offered to them under this Prospectus. All Directors may or may not purchase additional Shares prior to the Record Date.

(b) Remuneration of Directors

Details of remuneration provided to Directors and their associated entities for the previous three financial years ended 30 June 2013 and 30 June 2014 and 30 June 2015 are as follows:

	Financial Year end	Salaries & fees	Post employment Super- annuation	Share based payment Options	Total
James Jackson ^a	2015	\$70,313	-	\$32,552	\$102,865
	2014	-	-	-	-
	2013	-	-	-	-
Andrew Brown	2015	\$50,000	-	-	\$50,000
	2014	\$83,333	-	-	\$83,333
	2013	\$100,000	-	-	\$100,000
Paul Young ^b	2015	\$10,000	\$10,000	-	\$20,000
	2014	\$18,000	\$2,000	-	\$20,000
	2013	\$20,000	\$2,000	-	\$20,000
Stephen Roberts ^c	2015	-	\$3,333	-	\$3,333
	2014	-	\$20,000	-	\$20,000
	2013	-	\$20,000	-	\$20,000
Darren Anderson ^d	2015	\$2,083	-	-	\$2,083
	2014	-	-	-	-
	2013	-	-	-	-

- a. appointed 25 July 2014
- b. resigned 5 June 2015
- c. resigned 5 September 2014
- d. appointed 5 June 2015

The Company has a service agreement with Federal Pacific Holdings Pty. Limited, a company associated with Executive Chairman, James Jackson, the Company, the key terms of which are payment of \$75,000 per annum payable monthly.

The Company also has a service agreement with A. Brown and Company Pty. Limited, an entity associated with Executive Director, Andrew Brown, the key terms of which are payment of up to \$50,000 per annum to A. Brown and Company Pty. Limited, invoiced monthly.

The Constitution of the Company provides that the Non-Executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting (which is currently \$400,000 per annum).

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of their ordinary duties as a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

(c) Directors' Interests

Except as disclosed in this Prospectus, no current Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (i) the formation or promotion of the Company; or
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (iii) the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offer.

The Company has paid insurance premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings while acting in the capacity of a Director.

7.7 Expenses of the Offer

The total expenses of the Rights Issue are estimated to be \$10,000 comprising legal and due diligence costs, printing, ASX and ASIC fees, corporate advisory charges and other administrative expenses.

7.8 Subsequent Events

There has not arisen, at the date of this Prospectus, any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- (i) the operations of the Company;
- (ii) the results of those operations; or
- (iii) the state of affairs of the Company.

7.9 Privacy

By submitting an Entitlement and Acceptance Form for the Options you are providing to the Company personal information about yourself. If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company maintains the register of members of the Company through Boardroom Limited, an external service provider. The Company requires Boardroom Limited to comply with the National Privacy Principles when performing these services. The Company's register is required under the Corporations Act to contain personal information about you such as your name and address and number of Shares and Options held. In addition the Company collects personal information from members such as, but not limited to, contact details, bank accounts and membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletter and notifications to the Australian Tax Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

- (i) when you agree to the disclosure;
- (ii) when used for the purposes for which it was collected;
- (iii) when disclosure is required or authorised by law;
- (iv) to other members in the ARC group of companies;
- (v) to your broker;
- (vi) to external service providers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

You have the right to access, update and correct your personal information held by the Company and Boardroom, except in limited circumstances. If you wish to access, update or correct your personal information held by Boardroom or by the Company, please contact our respective offices.

If you have any questions concerning how the Company handles your personal information please contact the Company.

7.10 Consents

Each of the parties referred to in this section:

- (i) does not make, or purport to make, any statement in this Prospectus or on which a statement made in this Prospectus is based, other than as specified in this section; and
- (ii) has had no involvement in the preparation of this Prospectus, (unless expressly stated to the contrary in this section);
- (iii) has not authorised or caused the issue of this Prospectus; and
- (iv) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.
- (v) BDO East Coast Partnership has given its written consent to the incorporation by reference to the audited 2015 annual financial statements and to all statements referring to the audited 2015 annual financial statements in the form and context in which they are included, and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Each of the following has consented to being named in this Prospectus in the capacity as noted below and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- (i) Boardroom Limited as the share registry to the Company; and
- (ii) BDO East Coast Partnership as the Company's auditors.

8: DIRECTORS AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.

A handwritten signature in black ink, appearing to read 'Jah', with a long horizontal stroke extending to the right.

James A. Jackson
Executive Chairman

Dated: 31 July 2015

9 DEFINITIONS AND GLOSSARY

Terms and abbreviations used in this Prospectus have the following meaning:

A\$ and \$ means Australian dollars, unless otherwise stated.

Acceptance means an acceptance of Entitlements.

AEST means Australian Eastern Standard Time.

Application Monies mean the amount payable by the Applicant for the number of Options and where applicable Additional Options subscribed for by the Applicant under the Offer.

Additional Options means Options in addition to an Eligible Shareholder's Entitlement for which an Applicant applies for pursuant to an Entitlement and Acceptance Form.

Applicant means a person who submits an Entitlement and Acceptance Form.

Application means a valid application by an Eligible Shareholder to subscribe for Options and where applicable Additional Options.

ARC means Australian Rural Capital Limited (ABN 52 001 746 710)

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASX Settlement Operating Rules means the operating rules of the settlement facility provided by ASX Settlement as amended from time to time.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the financial market operated by it, as the context requires.

Audited statement of financial position as at 30 June 2015 means the consolidated statement of financial position contained in the 2015 annual report audited by BDO East Coast Partnership dated 30 July 2015 and announced to ASX on the same date.

Auditors means BDO East Coast Partnership.

Board means the Board of Directors of Australian Rural Capital Limited Limited.

Business Day means a day other than a Saturday or Sunday on which banks are open for business in Sydney, New South Wales or as specified by ASX.

Closing Date means Friday 28 August 2015 (unless extended).

Company means Australian Rural Capital Limited (ABN 52 001 746 710).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the Directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder whose details appear on the Register as at the Record Date and who is not an Excluded Shareholder.

Entitlement means the entitlement of an Eligible Shareholder to apply for Options pursuant to the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Excluded Shareholder means a Shareholder who does not have a registered address in Australia or New Zealand.

Group means the Company and each of its wholly owned subsidiaries.

Law means the Corporations Act or any relevant and applicable law in Australia.

Listing Rules means the Listing Rules of ASX.

New Shares means the Shares resulting from the exercise of Options offered under this Prospectus

Offer means the non-renounceable entitlement offer of Options pursuant to this Prospectus.

Offer Price means \$0.05 for each Option applied for.

Official List means the Official List of the ASX.

Official Quotation means quotation on the Official List.

Opening Date means Wednesday 12th August 2015.

Option means the Options offered under this Prospectus being an option to acquire a New Share at a price of \$0.50 prior to 31 August 2020. (**New Option** in the Entitlement and Acceptance Form has the same meaning as **Option**).

Optionholder means a holder of an Option.

Prospectus means this prospectus dated 31 July 2015 as modified or varied by any supplementary prospectus made by the Company and lodged with ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus.

Record Date means 7pm AEST on Friday 7 August 2015.

Register means the register of the Company's Shareholders.

Rights and Rights Issue means the right by Eligible Shareholders to take up Options under the Offer.

Securities has the same meaning as in Section 92 of the Corporations Act

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means the registered holder of a Share in the Company.

Share Registry means Boardroom Pty Limited (ABN 14 003 209 836).

Shortfall means those New Shares and attaching free New Options for which valid applications have not been received by the Closing Date under the Rights Issue.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in section 2.7 of this Prospectus

RIGHTS ISSUE ENTITLEMENT AND ACCEPTANCE FORM

Entitlement No.

Subregister

SRN/HIN.

Number of Shares held at 7pm
AEST on 7 August 2015

Offer Closes: 5pm AEST on 28 August 2015

NON-RENOUNCEABLE PRO RATA ENTITLEMENT OFFER OF UP TO 8,030,863 NEW OPTIONS AT AN OFFER PRICE OF A\$0.05 EACH ON THE BASIS OF 9 NEW OPTIONS FOR EVERY 10 SHARES HELD, PAYABLE IN FULL UPON ACCEPTANCE OF THIS OFFER.

A Rights Acceptance

If you wish to accept your FULL ENTITLEMENT please complete and return this Application Form WITH YOUR APPLICATION PAYMENT FOR THE AMOUNT SHOWN BELOW. The return of this Application Form by the Closing Date with Application Payment or making Application Payment by BPAY will constitute acceptance of the Offer. Your signature is only required when an alteration to your address is indicated by you over the page.

Entitlement to New Options on the basis of 9 New Options for every 10 Shares held	Offer Price Per New Option	Amount payable for full acceptance, at A\$0.05 per New Option
	A\$0.05 per New Option =	

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

Number of New Options accepted	Offer Price Per New Option	Amount enclosed (AUD)
	A\$0.05 per New Option =	\$

B Apply for additional options (if available)

If you wish to apply for additional Options to your Rights Entitlement above please insert the number of Options in the box below and the appropriate amount payable. These additional Options will only be allotted if available.

Number of Additional Options Applied for	Price Per Option	Amount Enclosed
	\$0.05 per New Option =	\$

C Application Payment

Payment may only be made by BPAY or cheque, money order or bank draft. Cash will not be accepted via the mail or at the Share Registry. Payments cannot be made at any bank.

Payment Option 1 - BPAY



Biller Code:

Ref:

Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque 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 Application Form
- If paying by BPAY the amount of your Application Payment received in the Share Registry's account divided by the Offer Price will be deemed to be the total number of New Options you are Applying for (rounded down to the nearest whole number).

Payment Option 2 – Cheque (Record cheque details below)

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

- Only cheques, money orders or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque, money order or bank draft must be made payable to 'Australian Rural Capital Limited' and crossed Not Negotiable.
- Please ensure that you submit the correct amount. Incorrect payments may result in your Application being rejected.

THIS FORM CONTINUES OVERLEAF

C Contact Details

CONTACT NAME	TELEPHONE WORK	TELEPHONE HOME	EMAIL ADDRESS
	()	()	

By submitting this Application Form or by using the BPAY facility to accept the Offer, I/We represent and warrant that I/we have read and understood the Prospectus to which this Application Form relates and declare that this Application is completed and lodged according to the Prospectus and the instructions on this Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Australian Rural Capital Limited and agree to the Terms of the Offer. I/We represent and warrant that I/we have not relied on any other information provided by the Company other as set out in the Offer Document when making my/our decision to invest.

LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

ACCEPTANCE OF YOUR ENTITLEMENT IN FULL OR PART

Multiply the number of New options for which you are accepting by A\$0.05 then fill in the acceptance details, where necessary, in the space provided on the front of this form. Complete your cheque details on the front of this form and send your cheque, money order or bank draft and completed form to:

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Telephone No. 02 9290 9600
Facsimile No. 02 9279 0664

If you do not deal with your entitlement it will lapse at 5.00 pm AEST on 28 August 2015.

PAYMENT**Cheques, money orders or Bank Draft**

All cheques, money orders or bank drafts (expressed in Australian currency) are to be made payable to "Australian Rural Capital Limited" and crossed "Not Negotiable".

BPAY

If you make payment using BPAY you must contact your Australian bank, credit union or building society to make this payment from your cheque or savings account. For more information: 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 28 August 2015.

PAYMENT - Eligible Shareholders outside Australia

Eligible Shareholders outside Australia who are permitted to Apply for New Options must obtain a draft in Australian currency payable on a bank in Australia, or where the Eligible Shareholder has an account with a bank in Australia, by a cheque drawn on that bank within Australia.

The Australian currency draft should be attached to your completed Application Form and the documents mailed to:

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

ELIGIBLE SHAREHOLDERS OUTSIDE AUSTRALIA ARE ADVISED TO ENSURE THEIR DOCUMENTS ARE POSTED TO AUSTRALIA BY AIRMAIL.

Personal cheques drawn on overseas banks in Australian or any foreign currency will not be accepted. These will be returned and the Application deemed to be invalid.

INTERPRETATION

Capitalised terms used in this Application Form have the same meaning as defined in the Prospectus issued by Australian Rural Capital Limited on 31 July 2015.

CHANGES OF ADDRESS SUPPORTED BY YOUR SIGNATURE(S)

If your address is not exactly as shown, please provide details below. This is only relevant for Issuer Sponsored registered holdings. CHESS holders must notify your sponsoring broker for amendments to holdings on the CHESS Subregister.

CHANGE OF ADDRESS DETAILS – ISSUER SPONSORED ONLY		
SIGN HERE FOR ADDRESS AMENDMENTS:		

Shareholder 1 (Individual) /
Sole Director & Sole Company
Secretary

Joint Shareholder 2 (Individual) /
Director

Joint Shareholder 3 (Individual) /
Director/Company Secretary
(Delete one)

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as an option holder (including your name, address and details of the options you hold) to be included in the public register of the entity in which you hold options. Information is collected to administer your option holding and if some or all of the information is not collected then it might not be possible to administer your option holding. Your personal information may be disclosed to the entity in which you hold options. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (http://www.boardroomlimited.com.au/help/Option_privacy.html).