

13 September 2016

Ms Isabella Wong
Adviser
ASX Listings Compliance (Sydney)
20 Bridge Street
SYDNEY NSW 2000

Dear Isabella

ARC – Notice of Meeting Dispatched to Shareholders

Australian Rural Capital Limited (**ARC or the Company**) advises that the attached Notice of Meeting and Proxy Form (**Notice**) has been dispatched to shareholders.

Please contact the undersigned if there are any questions in relation to this Notice.

Yours Sincerely



Chris Lobb
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an Annual General Meeting of the Members of Australian Rural Capital Limited ACN 001 746 710 (**ARC or the Company**) will be held on **Friday 14 October 2016** at **11.00am** (Brisbane time) at the offices of Broadley Rees Hogan, located at **Level 24, 111 Eagle Street, BRISBANE QLD 4000 (AGM or the Meeting)**.

Shareholders should refer to the accompanying Explanatory Memorandum for further information concerning the business of the Meeting.

ITEM OF BUSINESS

1. Chairman's Address

Report on results and activities during the financial year.

2. Financial Statements and Reports

To receive and consider the Company's audited financial statements and reports for the year ended 30 June 2016.

3. Adoption of Remuneration Report

Resolution 1 - To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That the Company adopt the Remuneration Report for the year ended 30 June 2016 in accordance with Section 250R (2) of the Corporations Act."

Notes:

The vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution 1 by or on behalf of a member of the Company's key management personnel (KMP) whose remuneration details are disclosed in the Remuneration Report, or by or on behalf of a closely related party of a member of the KMP, in any capacity unless the vote is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the Chairman of the Meeting as a proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

The Chairman will vote all undirected proxies in favour of this resolution.

4 Election of Director - Mr Wayne Morrison Massey

The ASX Listing Rules and the constitution of the Company require each Director to be re-elected every three years and also that an election of Directors be held each year.

Mr Wayne Massey was appointed a director of the Company on 14 December 2015. He will retire in accordance with clause 13.5 of the Company's constitution and, being eligible, has offered himself for election.

Resolution 2 - To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr Wayne Massey, being eligible, be elected as a Director of the Company.”

5. Appointment of New Auditor

Resolution 3 - To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, subject to the Australian Securities and Investments Commission granting its consent to the resignation of the Company's current auditor, BDO East Coast Partnership, for the purposes of Section 327B of the Corporations Act and for all other purposes, Bentleys Brisbane (Audit) Pty Ltd, having been nominated and having consented in writing to act as auditor of the Company, be appointed as auditor of the Company with effect from the close of the Annual General Meeting and the directors be authorised to set its remuneration.”

Note: Without limitation, Section 327B of the Corporations Act is relevant to this resolution. The Chairman intends to vote undirected proxies in favour of this resolution.

6. Change in Nature of Activities

Resolution 4 - To consider and if thought fit, to pass, with or without amendment, the following ordinary resolution:

“That for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, Shareholders approve the change in nature of the Company's activities as described in the Explanatory Memorandum accompanying this Notice.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution 4 by any person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed, and any associates of those persons.

However, the Company need not disregard a vote if it cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chairman will vote all undirected proxies in favour of this resolution.

7. Approval of 10% Placement Facility

Note: this item of business is provisional on shareholders approving Item 6 – Change in Nature of Activities.

Resolution 5- To consider and if thought fit, pass the following resolution as a special resolution:

“That for the purposes of Listing Rule 7.1A, the Directors are authorised to issue up to 10% of the Company's share capital calculated in accordance with Listing Rule 7.1A and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Without limitation, Listing Rule 7.1A is relevant to this resolution.

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution 5 by any person who may participate in the proposed issue of equity securities under this Resolution 5 and any person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder if Resolution 5 is passed and any of their Associates, unless the vote is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chairman will vote all undirected proxies in favour of this resolution.

Note: In accordance with Listing Rule 14.11.1 and the relevant note under that rule concerning Listing Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no Shareholders are currently excluded.

8. Issue of Ordinary Shares to Mr Wayne Morrison Massey

Resolution 6 - To consider and if thought fit, pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the allotment and issue to Mr Wayne Morrison Massey, or his nominees, 100,000 fully paid ordinary shares in accordance with the terms summarised in the Explanatory Memorandum.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution 6 by Mr Massey and any of his Associates, unless the vote is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the Chairman of the Meeting as a proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

The Chairman will vote all undirected proxies in favour of this resolution.

9. Issue of Options to Mr James Andrew Jackson

Resolution 7 - To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the allotment and issue of 300,000 Options on the terms set out in the Explanatory Memorandum, to Mr James Andrew Jackson, or his nominees.”

Without limitation, Listing Rule 10.11 is relevant to this resolution.

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution 7 by Mr Jackson and any of his Associates, unless the vote is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the Chairman of the Meeting as a proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

The Chairman will vote all undirected proxies in favour of this resolution.

10. Issue Options to Mr Wayne Morrison Massey

Resolution 8 - To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the allotment and issue of 100,000 Options on the terms set out in the Explanatory Memorandum, to Mr Wayne Morrison Massey, or his nominees.”

Without limitation, Listing Rule 10.11 is relevant to this resolution.

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution 8 by Mr Massey and any of his Associates, unless the vote is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) by the Chairman of the Meeting as a proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

The Chairman will vote all undirected proxies in favour of this resolution.

Other business

To consider any other business that may lawfully be brought forward in accordance with the constitution of the Company or the law.

Other information

An Explanatory Memorandum accompanies and forms part of this notice of Annual General Meeting.

All Shareholders should read the Explanatory Memorandum carefully and in its entirety. Shareholders who are in doubt regarding any part of the business of the Meeting should consult their financial or legal adviser for assistance.

Voting by proxy

Any Shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of that Shareholder.

The proxy does not need to be a Shareholder of the Company.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

Proxies must be:

- (a) lodged at the Company's share registry, Boardroom Pty Limited; or
- (b) faxed to the fax number specified below

not later than 11.00am (Brisbane time) on Wednesday 12 October 2016.

Address (hand deliveries): Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000

Address (postal deliveries): C/-Boardroom Limited, GPO Box 3993, Sydney NSW, 2001
Australia

Fax number for lodgement: +61 2 9290 9655

By electronic lodgement:

<http://www.votingonline.com.au/arcagm2016> in accordance with instructions provided on the proxy form. You will need your Postcode or Country of Residence (if your registered address is outside of Australia) as well as your Voting Access Code (VAC) to lodge your proxy vote online.

The proxy form has been enclosed with this notice. Please read all instructions carefully before completing the proxy form.

Entitlement to Vote

In accordance with Section 1074E (2)(g)(i) of the Corporations Act and Regulation 7.11.37 of the Corporations Regulations and ASTC Operating Rule 8.3A.1, the Company has determined that for the purposes of the Annual General Meeting all shares will be taken to be held by the persons who, according to records of the Company's share registrar, held them as registered Shareholders at 7.00pm (Brisbane time) on Wednesday 12 October 2016. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

Voting Intentions

Subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all resolutions on the agenda.

In respect of undirected proxies, subject to any voting restrictions and exclusions, the Chairman intends to vote in favour of all resolutions on the agenda.

Further Information

If you have any queries in relation to the Annual General Meeting, please contact the Company Secretary, Chris Lobb, on (07) 3223 9170 or Chris.Lobb@RuralCapital.com.au

Dated **7 September 2016**

By order of the Board of Directors



Christopher Lobb
Company Secretary

EXPLANATORY MEMORANDUM

(This Explanatory Memorandum forms part of the Notice of Meeting)

This Explanatory Memorandum provides further information for members in respect of the resolutions to be considered at the Annual General Meeting of Australian Rural Capital Limited (**ARC or the Company**) to be held at held at **11.00am** (Brisbane time) on **Friday 14 October 2016** at the offices of Broadley Rees Hogan, located at **Level 24, 111 Eagle Street, BRISBANE QLD 4000 (AGM or the Meeting)**.

This Explanatory Memorandum should be read in conjunction with, and forms part of the accompanying Notice of Meeting. The purpose of this Explanatory Memorandum is to provide information to shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

1. Chairman's Address

Report on results and activities during the financial year.

2. Financial Statements and reports

Under Section 317 of the Corporations Act, ARC is required to lay its annual financial report, directors' report and remuneration report before its Shareholders at its Annual General Meeting. The annual financial report is submitted for Shareholders' consideration and discussion at the Annual General Meeting as required. Meeting attendees are invited to direct questions to the Chairman in respect of any aspect of the report they wish to discuss but there will be no formal resolution put to the meeting.

Representatives of ARC's auditor, BDO East Coast, will be present for discussion purposes on matters of relevance to the audit.

Resolution 1 – Adoption of Remuneration report

Board recommendation and undirected proxies. The Board recommends that shareholders vote in **FAVOUR** of resolution 1. The Chairman of the meeting intends to vote undirected proxies in **FAVOUR** of resolution 1.

Resolution 1 provides Shareholders the opportunity to vote on ARC's Remuneration Report. The Remuneration Report is contained in the Directors' Report. Under Section 250R(2) of the Corporations Act, ARC must put the adoption of its remuneration report to a vote at its Annual General Meeting.

This vote is advisory only and does not bind the Directors or ARC.

The Board will consider the outcome of the vote and comments made by Shareholders on the remuneration report at this meeting when reviewing ARC's remuneration policies. If 25% or more of the votes that are cast are voted against the adoption of the remuneration report at two consecutive annual general meetings shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of ARC's directors other than the managing director must be offered up for election.

Key management personnel (including Directors) and their closely related parties must not cast a vote on the remuneration report, unless as holders of directed proxies for Shareholders eligible to vote on Resolution 1.

ARC encourages all shareholders to cast their votes on this resolution. The Chairman will vote all undirected proxies in favour of this resolution. If you wish to vote "against" or "abstain" you should mark the relevant box in the attached proxy form.

The Board recommends you vote in favour of this advisory Resolution 1.

Resolution 2 - Election of Mr Wayne Morrison Massey as a Director

Board recommendation and undirected proxies. The Board recommends that shareholders vote in **FAVOUR** of resolution 2. The Chairman of the meeting intends to vote undirected proxies in **FAVOUR** of resolution 2.

Under Clause 13.5 of ARC's constitution, Wayne Massey, having been appointed to a casual vacancy during the year, must retire from office, and offer himself for election at the next Annual General Meeting of the Company, should he wish to do so. Mr Massey being eligible, does offer himself for election by shareholders.

Resolution 2 therefore provides for the election of Wayne Massey as Director of ARC in accordance with ARC's constitution.

Wayne was appointed a non-executive director of the Company in December 2015 and moved to an executive finance role in July 2016. Wayne has occupied a number of senior finance executive positions in the sugar industry since 1998, including a period as Chief Financial Officer of MSF Sugar Ltd from 2008 to 2012 (ASX listed until 2012). Wayne has experience in mergers and acquisitions, debt management and development of futures and currency capability. He has also held director positions of unlisted Australian parent and subsidiary companies in the sugar industry in recent years and has been a director of SMART, an Industry Superannuation Fund.

Wayne was Chairman of the Company's Audit Committee until taking up his executive role in July 2016.

Wayne is not a director of any other listed entities currently or in the last three years.

The Directors (excluding Wayne Massey) unanimously recommend that Shareholders vote in favour of Resolution 2.

Resolution 3 – Appointment of New Auditor

Board recommendation and undirected proxies. The Board recommends that shareholders vote in **FAVOUR** of resolution 3. The Chairman of the meeting intends to vote undirected proxies in **FAVOUR** of resolution 3.

BDO East Coast has audited the Company for a number of years. Following the relocation of the Company's corporate office from Sydney to Brisbane earlier this year it has been agreed for BDO East Coast to retire as auditor of the Company and for a Brisbane based firm to be appointed. BDO East Coast is in the process of seeking consent from ASIC to resign as auditor of the Company.

Once consent has been obtained from ASIC, BDO East Coast will give its notice of resignation to the Company with effect from the close of the Annual General Meeting.

ARC undertook a tender for the role of external auditor to the Company. As part of this tender the Company has reviewed Bentleys Brisbane (Audit) Pty Ltd ("**Bentleys**") suitability for the role of external auditor. The outcome of this review was a recommendation that Bentleys be appointed as the new auditor of the Company.

The Corporations Act 2001 (Cth) requires that Shareholders approve the appointment of a new auditor.

Nomination of Bentleys

Bentleys was nominated by Agrico Investments Pty Limited. The notice of nomination of Bentleys as auditor of the Company is included in Appendix 1 to this Notice of Annual General Meeting.

Bentleys has consented to act as auditor of the Company.

The Board recommends that Shareholders vote in favour of the appointment of Bentleys as the Company's auditors in Resolution 3.

Resolution 4 – Change in Nature of Activities

ASX Listing Rule 11.1 provides that if an entity proposes to make a significant change, either directly or indirectly, to the nature of its activities then pursuant to Listing Rule 11.1.2, if requested by ASX, the Company must obtain the approval of its Shareholders.

The ASX has requested the Company seek approval of its Shareholders for the change of nature as set out in this Explanatory Memorandum.

Background

The Company was formerly known as Tidewater Investments Limited (**Tidewater**). Tidewater was established in 2003 (formerly known as Trent Capital Limited) following a takeover of another listed entity. Tidewater's primary investment objective was focused on equity investment in boutique funds and undervalued companies as well as micro-cap securities and financial services companies. In July 2014, Tidewater appointed James Jackson as an Executive Director, now Executive Chairman, with a mandate to seek out appropriate investments in the agricultural and agribusiness sectors.

Following shareholder approval on 25 July 2014, the Company became a substantial holder of capital units in Namoi Cotton Co-operative Limited, and has since increased its interest in these securities to approximately 10.8% of the outstanding units. Reflecting this change in strategic direction, Tidewater changed its name to Australian Rural Capital Limited in September 2014.

Since that time, the Company has investigated a number of securities and assets within the agricultural sector. The Company's investment strategy has changed to focus on agricultural and agribusiness assets.

The Company's principal activities are the investment in predominantly agribusiness, agricultural, food companies and the related infrastructure assets of these operations and industries and the provision of funds management and financial services, including wholesale funds management activities, in these asset classes.

The Company's investment focus is on agribusiness, agriculture, food and infrastructure in related entities, schemes and securities. Its subsidiaries include Australian Rural Capital Management Pty Limited, which holds an Australian Financial Services License for the management of investment vehicles and the provision of other funds management services.

Shareholder approval requirement

The ASX has requested the Company seek shareholder approval under Listing Rule 11.1.2 in respect of the change in nature of the Company's investment strategy from general funds and securities investment to one focused wholly on agribusiness and agricultural assets investments and funds management.

The Company seeks shareholder approval for the change in the Company's investment strategy as described above.

The Board recommends that Shareholders vote in favour of the Change in Nature of Activities in Resolution 4.

Resolution 5 – Approval of 10% Placement Facility

This item of Business and associated resolution is dependent on Shareholders approving resolution 4 – Change in Nature of Activities.

Board recommendation and undirected proxies. The Board recommends that shareholders vote in **FAVOUR** of resolution 5. The Chairman of the meeting intends to vote undirected proxies in **FAVOUR** of resolution 5.

Placement capacity

Listing Rule 7.1A provides that an eligible entity may seek shareholder approval by special resolution at its annual general meeting to issue equity securities equivalent to an additional 10% of the number of ordinary securities on issue over a period of 12 months after the annual general meeting (**10% Placement**). This is in addition to the existing 15% placement capacity permitted by Listing Rule 7.1.

If Shareholders approve Resolution 5, the number of equity securities the Company may issue under the 10% Placement will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out below).

Eligibility Criteria

An eligible entity is one that, as at the date of the relevant Annual General Meeting:

- a) is not included in the S&P/ASX 300 Index; and
- b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of less than \$300,000,000.

Any equity securities issued must be in the same class as an existing class of quoted equity securities. The Company currently has two classes of quoted equity securities on issue, being Shares (ASX Code ARC) and Options (ASX Code ARCO).

Calculation for 10% Placement

The number of equity securities that the Company may issue under the approval sought by Resolution 5 will be calculated in accordance with the following formula as set out in Listing Rule 7.1A.2:

(A x D) – E

Where:

- A** = the number of fully paid Shares on issue 12 months before the date of issue or agreement to issue:
- plus the number of Shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid Shares that became fully paid in the 12 months;
- plus the number of fully paid Shares issued in the 12 months under Listing Rules 7.1 and 7.4; and
- less the number of fully paid Shares cancelled in the 12 months.
- D** = 10%.
- E** = the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of the Shareholders under Listing Rule 7.1 or 7.4.

Minimum Issue Price

In accordance with Listing Rule 7.1A.3, equity securities issued by the Company under a 10% Placement can only be issued at a price that is not less than 75% of the VWAP (volume weighted average price) of the equity securities calculated over the 15 trading days on which trades in that class were recorded immediately before:

- a) the date on which the price at which the equity securities are to be issued is agreed; or
- b) if the equity securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

Dilution to existing shareholdings

If Resolution 5 is approved by Shareholders and the Company issues Shares under the 10% Placement, Shareholders should be aware there is a risk of economic and voting dilution that may result from an issue of equity securities under the 10% Placement, including the risk that:

- a) the market price for equity securities in that class may be significantly lower on the issue date than on the date of the Meeting where approval is being sought; and
- b) the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the date of issue.

Any issue of equity securities under the 10% Placement will dilute the interests of Shareholders who do not receive any equity securities under the issue, unless the only equity securities issued under the 10% Placement are options and these options are not exercised.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of equity securities available under the 10% Placement, the economic and voting dilution of existing Shares would be as shown in the table below, assuming that any options issued under the 10% Placement are exercised.

The table below shows the potential dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the current market price of the Shares and the current number of Shares on issue as at the date of this notice of Meeting.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement ¹.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$ 0.285 50% decrease in Issue Price	\$0.570 Issue Price	\$ 1.14 100% increase in Issue Price
Current Variable A 9,023,181	10% Voting dilution	902,318	902,318	902,318
	Funds raised	\$257,161	\$514,321	\$1,028,643
50% increase in current Variable A 13,534,772	10% Voting dilution	1,353,477	1,353,477	1,353,477
	Funds raised	\$385,741	\$771,482	\$1,542,964
100% increase in current Variable A 18,046,362	10% Voting dilution	1,804,636	1,804,636	1,804,636
	Funds raised	\$514,321	\$1,028,643	\$2,057,285

¹ The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of shares available under Listing Rule 7.1A;
- (ii) The table shows only the effect of shares issues under Listing Rule 7.1A and does not factor in the Company's ability to issue up to 15% of its issued capital under Listing Rule 7.1;
- (iii) The issue price is \$0.57, being the closing price of the shares on the ASX on 30 August 2016.

The table shows:

- two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of shares the Company has on issue. The number of shares on issue may increase as a result of issues of shares that do not require approval (for example, a pro rata entitlements issue) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- two examples of where the issue price of shares has decreased by 50% and increased by 100% as against the current market price.

Placement Period

If Shareholder approval is granted for Resolution 5, then that approval will expire on the earlier of:

- a) 13 October 2017, being 12 months from the date of the Meeting; or
- b) the date Shareholder approval is granted to a transaction under Listing Rule 11.1.2 (proposed change to nature and scale of activities) or Listing Rule 11.2 (change involving main undertaking).

The approval under Listing Rule 7.1A will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 or 11.2, noting this resolution is provisional on Shareholder approval at this meeting of Resolution 4.

Purpose of Issue under 10% Placement

The purpose for which the 10% Placement may be issued include to raise funds for the Company or for non-cash consideration (details set out below). Funds raised from the 10% placement are intended to be used as follows:

- a) to enable the company to solely or part fund any investment acquisitions in line with the Company’s investment policy; or
- b) working capital;

The Company may issue the 10% Placement for non-cash consideration, such as the acquisition of new investments or assets. The Company issues equity securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the equity securities complies with Listing Rule 7.1A.3.

Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue under the 10% Placement. The identity of the allottees under the 10% Placement will be determined on a case by case basis having regard to the following factors:

- a) the purpose of the issue;
- b) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- c) the effect of the issue of the equity securities on the control of the Company;
- d) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- e) prevailing market conditions; and
- f) advice from corporate, financial and broking advisers (if applicable).

Previous Approval under Listing Rule 7.1A

The Company has not sought shareholder approval under Listing Rule 7.1A.

The Company has made the following issues in the preceding 12 months:

- 6 June 2016 – Issued 100,000 ordinary Shares following the exercise of 100,000 Options
- 21 October 2015 – Issued 150,000 Options
- 4 September 2015 – Issued 7,880,863 Options

The Board recommends that Shareholders vote in favour of the Approval of 10% of Placement Facility contained in Resolution 5.

Resolution 6 – Approval to issue ordinary shares to Executive Director Wayne Morrison Massey in accordance with Listing Rule 10.11

Board recommendation and undirected proxies. The Board, excluding Wayne Massey, recommends that shareholders vote in **FAVOUR** of resolution 5. The Chairman of the meeting intends to vote undirected proxies in **FAVOUR** of the resolution.

Mr Massey joined the Company as a non-executive director in December 2015 and was appointed to the position of Executive Director Finance in July 2016. He is currently remunerated \$50,000 plus superannuation entitlements in this role.

In recognition of his latest executive appointment, the Board proposes to issue 100,000 shares to Wayne with his contribution being \$0.56 per share. The funds raised from this issue will be used for general working capital purposes and the new shares will be issued to Mr Massey within one month of the date of this meeting.

The purpose of the grant of the shares to Mr Massey is for the Company to appropriately recognise the key financial role Wayne undertakes on behalf of the Company and provide cost effective remuneration for his ongoing commitment and contribution to the Company.

The terms of the issue being that on receipt from Mr Massey, or his nominee, of the amount of \$56,000, the Company will issue 100,000 fully paid ordinary shares in the Company to Mr Massey.

It is noted that should this issue of new shares to Mr Massey be approved by Shareholders under Listing Rule 10.11, further approval is not required for purposes of Listing Rule 7.1, under exception 14 of Listing Rule 7.2

The Board (excluding Wayne Massey) recommends that Shareholders vote in favour of the Issue of Ordinary Shares to Wayne Massey contained in Resolution 6.

Resolution 7 - Approval of issue of 300,000 options to James Andrew Jackson – Executive Chairman

Board recommendation and undirected proxies. The Board, excluding James Jackson, recommends that shareholders vote in **FAVOUR** of resolution 7. The Chairman of the meeting at that time intends to vote undirected proxies in **FAVOUR** of resolution 7.

This resolution seeks shareholder approval for the proposed issue of options in the Company to James Jackson, for the purposes of Listing Rule 10.11. Listing Rule 10.11 requires the Company to obtain shareholder approval in order to grant equity securities to a related party (which includes a director) unless an exception applies.

In accordance with ASX Listing Rule 10.13, the following information is provided to Shareholders for the purpose of obtaining Shareholder approval of Resolutions.

The purpose of the grant of the options to Mr Jackson is for the Company to appropriately recognise the key role Mr Jackson undertakes on behalf of the Company and provide cost effective remuneration for his ongoing commitment and contribution to the Company. Mr Jackson signed a service agreement in August 2014 (as amended) with the Company, the key terms of which are the payment of \$100,000 per annum payable monthly. Mr Jackson was also granted a total of 450,000 options following approval of a General meeting of Shareholders in July 2014. These options vest in three tranches of 150,000 options on 25 July 2015, 2016 and 24 July 2017 providing James remains an Officer of the Company. These options on vesting are exercisable at \$0.70 per share until 31 December 2020.

The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the options upon the terms proposed. If the options are not granted, the Company could remunerate Mr Jackson with additional cash. However, the Board considers it reasonable for the remuneration of Mr Jackson to have equity components to further align Mr Jackson's interests with shareholders and maintain a strong cash position for the Company. The Company seeks to issue a maximum of 300,000 options to the Mr Jackson on the following basis:

Issue	Number of Options	Vesting Condition
Tranche 1	100,000	If ARC Share Price is \$0.80 by 31 October 2018 based on the VWAP for the month of October 2018
Tranche 2	100,000	If ARC Share Price is \$0.90 by 31 October 2019 based on the VWAP for the month of October 2019
Tranche 3	100,000	If ARC Share Price is \$1.00 by 31 October 2020 based on the VWAP for the month of October 2020

Each option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company at the exercise price of \$0.70 each and expiring on 31 October 2021: Any options not exercised by this date will lapse. The Options will be issued for nil consideration and are subject to the vesting conditions noted above and that Mr Jackson remains an Officer of the Company at the time of vesting.

Any funds raised will enable ARC to continue to pursue the strategy of selectively investing in share and other market opportunities that the Directors consider offer the prospect for attractive risk-adjusted returns.

If resolution 7 is passed, the options will be issued as soon as practicable following shareholder approval, and in any event, not more than one month following the date of the Annual General Meeting.

If approval is given under Listing Rule 10.11, separate approval is not required under Listing Rule 7.1, as provided under exception 14 of Listing Rule 7.2. Accordingly, if this resolution is approved, the issue of options will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

James Jackson and his closely related parties must not cast a vote on the issue of options, unless as holders of directed proxies for Shareholders eligible to vote on Resolution 7.

The Board (excluding James Jackson) recommends that Shareholders vote in favour of the Issue of Options to Mr James Jackson as contained in Resolution 7.

Resolution 8 - Approval of issue of 100,000 options to Wayne Morrison Massey – Executive Director

Board recommendation and undirected proxies. The Board, excluding Wayne Massey, recommends that shareholders vote in **FAVOUR** of resolution 8. The Chairman of the meeting at that time intends to vote undirected proxies in **FAVOUR** of resolution 8.

This resolution seeks shareholder approval for the proposed issue of options in the Company to Wayne Massey, for the purposes of Listing Rule 10.11. Listing Rule 10.11 requires the Company to obtain shareholder approval in order to grant equity securities to a related party (which includes a director) unless an exception applies.

In accordance with ASX Listing Rule 10.13, the following information is provided to Shareholders for the purpose of obtaining Shareholder approval of Resolutions.

The purpose of the grant of the options to Mr Massey is for the Company to appropriately recognise the key role Wayne undertakes on behalf of the Company and provide cost effective remuneration for his ongoing commitment and contribution to the Company. Mr Massey signed a letter of appointment in December 2015 (as amended) with the Company, the key terms of which are the payment of \$50,000 per annum plus superannuation payable monthly.

The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the options upon the terms proposed. If the options are not granted, the Company could remunerate Mr Massey with additional cash. However, the Board considers it reasonable for the remuneration of Mr Massey to have equity components to further align Mr Massey’s interests with shareholders and maintain a strong cash position for the Company. The Company seeks to issue a maximum of 100,000 options to the Mr Massey on the following basis:

Issue	Number of Options	Vesting Condition
Tranche 1	33,333	If ARC Share Price is \$0.80 by 31 October 2018 based on the VWAP for the month of October 2018
Tranche 2	33,333	If ARC Share Price is \$0.90 by 31 October 2019 based on

		the VWAP for the month of October 2019
Tranche 3	33,334	If ARC Share Price is \$1.00 by 31 October 2020 based on the VWAP for the month of October 2020

Each option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company at the exercise price of \$0.70 each and expiring on 31 October 2021: Any options not exercised by this date will lapse.

The Options will be issued for nil consideration and are subject to the vesting conditions noted above and that Mr Massey remains an Officer of the Company at the time of vesting.

Any funds raised will enable ARC to continue to pursue the strategy of selectively investing in share and other market opportunities that the Directors consider offer the prospect for attractive risk-adjusted returns.

If resolution 8 is passed, the options will be issued as soon as practicable following shareholder approval, and in any event, not more than one month following the date of the Annual General Meeting.

If approval is given under Listing Rule 10.11, separate approval is not required under Listing Rule 7.1, as provided under exception 14 of Listing Rule 7.2. Accordingly, if this resolution is approved, the issue of options will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

Wayne Massey and his closely related parties must not cast a vote on the issue of options, unless as holders of directed proxies for Shareholders eligible to vote on Resolution 8.

The Board (excluding Wayne Massey) recommends that Shareholders vote in favour of the Issue of Options to Mr Wayne Massey as contained in Resolution 8.

Further Information

If you have any queries in relation to the Annual General Meeting, please contact the Company Secretary, Chris Lobb, on (07) 3223 9170 or Chris.Lobb@RuralCapital.com.au

Glossary

In this Explanatory Memorandum, and the Notice of Meeting:

AGM means Annual General Meeting

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

ASX means ASX Limited or the financial market known as the Australian Securities Exchange that is operated by ASX Limited, as the context requires.

Board means the board of directors of the Company.

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

Constitution means the constitution of the Company.

Corporations Act means Corporations Act 2001 (Cth)

Director means a director of the Company.

Explanatory Memorandum means this explanatory memorandum which forms part of the Notice of Meeting.

Listing Rules means the listing rules of the ASX Limited.

Meeting means the Annual General Meeting of the Company the subject of this Notice of Meeting scheduled to occur on Friday 14 October 2016.

Officer means a director of the Company

Shareholder means a holder of a Share.

Share means an ordinary share in the Company

29 August 2016

The Directors
Australian Rural Capital Ltd
c/- Broadley Rees Hogan, Level 24,
111 Eagle Street, BRISBANE, QLD 4001

Dear Sirs

Nomination and appointment of new auditor for ARC.

I, Stephen Chapman, being an officer of a member of Australian Rural Capital Limited (**Company**), hereby nominate Bentleys Brisbane (Audit) Pty Ltd of Level 9, 123 Albert Street, Brisbane QLD, 4000 (**Bentleys**) for appointment as auditor of the Company, pursuant to section 328B of the Corporations Act 2011 (Cth) at the next Annual General Meeting of the Company or any adjournment thereof.

Agrico Investments Pty Limited consents to the provision of a copy of this notice to Bentleys and the distribution of a copy of this notice of nomination as an annexure to the 2016 Annual General Meeting of the Company as required by section 328B(3) of the Corporations Act 2001.

Yours faithfully



Stephen Chapman
Sole Director and Company Secretary

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (Brisbane time) on Wednesday, 12 October 2016.**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** www.votingonline.com.au/arcagm2016
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (Brisbane time) on Wednesday, 12 October 2016.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥 **Online** www.votingonline.com.au/arcagm2016
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.
Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Australian Rural Capital Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **offices of Broadley Rees Hogan, Level 24, 111 Eagle Street, BRISBANE QLD 4000 on Friday, 14 October 2016 at 11:00am (Brisbane time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1,6,7& 8, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1,6,7 & 8 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1,6,7 & 8). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS
* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Director – Mr Wayne Morrison Massey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Appointment of New Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Change in Nature of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Ordinary Shares to Mr Wayne Morrison Massey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Options to Mr James Andrew Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Options to Mr Wayne Morrison Massey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS
This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016