

20 August 2010

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MR JOHN SAMPLE
FLAT 123
SAMPLE STREET
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SAMPLE STREET
SAMPLETOWN VIC 3030

<Notes Held>
NOTES HELD

Entitlement Notice-Third Conversion of Convertible Notes to Ordinary Shares and Cash

Dear Noteholder

In accordance with the terms governing the Unsecured Convertible Note Trust Deed, the Company advises you of the following options that are now available to all Noteholders. Those options are:

- (a) Option 1 - retain all of your Convertible Notes;
- (b) Option 2 - convert some, or all of, your Convertible Notes.

OPTION 1 - DO NOTHING

If you do NOT wish to convert your Convertible Notes, there is NO NEED to take any action.

If you do not convert any of your Convertible Notes:

- (a) you will continue to hold those Convertible Notes and receive the six monthly interest payments at the rate of 8% per annum up until the Maturity Date, being 29 April 2011;
- (b) there will be one further opportunity to convert your Convertible Notes (in accordance with the terms of the Trust Deed), the next Conversion date being 31 March 2011. You will receive a further Entitlement Notice about that conversion during February 2011; and
- (c) unconverted Convertible Notes will mature on the Maturity Date of 29 April 2011 unless previously converted. Any Convertible Notes not converted by the Maturity Date must be redeemed by the Company at the Issue Price of \$3.00 on the Maturity Date.

OPTION 2 - CONVERT SOME OR ALL OF YOUR NOTES

Should you wish to convert some or all of your Convertible Notes they will be converted on 30 September 2010 on the basis of one Convertible Note for:

- 1.007 ordinary shares in the Company*; and
- \$1.75 by way of cash payment.

* The Conversion Ratio was adjusted from 1.0 ordinary share to 1.007 ordinary shares per Convertible Note in accordance with the terms of the Trust Deed due to the Rights Issue conducted by the Company in December 2007.

Convertible Notes must be converted in multiples of 1,000 Convertible Notes or if the total number held is less than 1,000, the number held. Noteholders wishing to convert all Convertible Notes held may do so regardless of the number of Convertible Notes held.

Where the conversion of the Convertible Notes results in a fraction of an ordinary share, such a fraction shall be rounded up to the nearest whole ordinary share.

If you convert some or all of your Convertible Notes, interest on those Convertible Notes will continue to accrue and be paid up to the Conversion Date of 30 September 2010. In relation to those Convertible Notes you do not convert, the rights set out under Option 1 will continue to apply in respect of those Convertible Notes.

If you wish to convert some or all of the Convertible Notes, please complete the **attached** Conversion Notice and send it to the Company's Share Registry as follows:

By mail: Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

By fax: Computershare Investor Services Pty Limited
+61 3 9473 2529

Conversion Notices are to be lodged on or before **5.00pm AEST Monday, 6 September 2010**.

For your information, the Company notes the following:

- (a) the market sale closing price on the ASX of ordinary fully paid shares in the Company on 18 August 2010, being the last trading day prior to the date of printing of this notice, was \$0.275;
- (b) during the three months preceding the date of printing of this Entitlement Notice, the highest and lowest market closing price on the ASX of ordinary fully paid shares was as follows:
 - (i) highest - \$0.35 on 2 July 2010; and
 - (ii) lowest - \$0.26 on 27 May 2010.
- (c) the market sale closing price on the ASX of the Convertible Notes in the Company on 18 August 2010, being the last trading day prior to the date of printing of this notice, was \$2.70;
- (d) during the three months preceding the date of printing of this Entitlement Notice, the highest and lowest market closing price on the ASX of the Convertible Notes was as follows:
 - (i) highest - \$2.70 between 13 - 17 August 2010; and
 - (ii) lowest - \$2.20 on 20 May 2010.

If you are in doubt as to what you should do, we recommend that you consult your investment or other professional advisor.

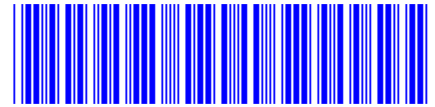
Yours sincerely



Colin Walker
Company Secretary

All Correspondence to:
Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001 Australia
Telephone 1300 850 505
International 61 3 9415 4000
Facsimile 61 3 9473 2529
www.computershare.com

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NOTEHOLDER CONVERSION NOTICE

Unsecured Convertible Notes

To the Directors, Heemskirk Consolidated Limited ABN 18 106 720 138 ("Issuer")

I/We the holder(s) of Unsecured Convertible Notes ("Notes") which were issued by the Issuer under a Trust Deed dated 20 April 2007 between the Issuer and the Public Trustee of Queensland (the "Trustee") ("Trust Deed"), hereby give notice in accordance with Condition 1.5 of Schedule 1 to the Trust Deed that I/we wish to exercise my/our right to convert all/part of my/our holding of Notes as set out below (each Note having a face value of \$3.00) into 1.007 fully paid ordinary shares in the Issuer and payment of \$1.75. Where the conversion of the Convertible Notes results in a fraction of an ordinary share, such a fraction shall be rounded up to the nearest whole ordinary share.

I/We wish to convert

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 note(s) into ordinary shares in the Issuer.
NOTEHOLDERS MUST CONVERT AT LEAST 1,000 NOTES OR IF THE TOTAL NUMBER HELD IS LESS THAN 1,000, THE NUMBER HELD.

I/We request you to issue such shares to me/us and agree to accept them subject to the Issuer's constitution and I/we authorise you to place my/our name on the register. I/We declare that all statements and details in this Noteholder Conversion Notice are complete and accurate and I/we agree to be bound by the constitution of the Issuer.

Each expression in this Noteholder Conversion Notice which is not defined has the meaning given to that expression in the Trust Deed.

The following section must be signed for your instructions to be executed

This Noteholder Conversion Notice may be signed by:

- where the holder(s) is/are an individual, the holder(s) of the Notes;
- where the holder(s) is/are a company, either 2 directors or a director and a company secretary. Alternatively where the company has a sole director and, pursuant to the *Corporations Act 2001* there is no company secretary, that director may sign alone. Delete titles as applicable.
- A person appointed by a power of attorney from the holder (if signed under power of attorney, a certified copy of the power of attorney must accompany this Noteholder Conversion Notice if it has not already been noted by the Issuer). The attorney is to declare that he/she has no notice of revocation of the power of attorney.

Where the holding is in more than one name, all holders must sign.

Individual or Holder 1

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Individual/sole director and sole company secretary

Holder 2

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Director

Holder 3

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Director/company secretary

Day Month Year

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Company seal if applicable

IMPORTANT NOTICE – Please read the conditions to the issue and conversion of these Convertible Notes carefully.

The terms and conditions applicable to the Notes and this Noteholder Conversion Notice are available on request from the Issuer

LODGEMENT INSTRUCTIONS

This Noteholder Conversion Notice should be lodged at the Issuer's Registry, Computershare Investor Services Pty Limited, by **5.00pm AEST Monday, 6 September 2010**

BY MAIL - GPO Box 52, Melbourne VIC 3001
BY FAX - 61 3 9473 2529