

RICHFIELD INTERNATIONAL LIMITED

ACN 103 306 403

16 August 2016

RICH0C1\ASX216

Company Announcements Officer
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

TAKEOVER BID – TARGET’S STATEMENT

Richfield International Limited (the **Company**) has prepared its Target’s Statement in relation to the on-market takeover bid by Mercantile OFM Pty Limited.

A copy of the Target’s Statement is **attached** to this announcement.

The Target’s Statement has been lodged with the Australian Securities and Investments Commission on 16 August 2016 and a copy has been sent to Mercantile OFM Pty Limited. It will be despatched to Shareholders over the coming days

For further information:

Eryn Kestel
Company Secretary

Richfield International Limited

Target's Statement

In response to the unconditional, all cash, on-market takeover bid by Mercantile OFM Pty Limited (**Mercantile**) for all the ordinary shares in Richfield International Limited (ACN 103 306 403) (**Richfield**) that Mercantile does not already own for \$0.34 per Richfield Share.

Your Richfield Directors unanimously recommend that you

ACCEPT

the Offer by Mercantile, in the absence of a superior proposal.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

You should read this document in its entirety. If you are in any doubt as to what you should do, you should consult your legal, financial or other professional advisor as soon as possible.

KEY DATES

Date of Announcement of Offer from Mercantile OFM	11 August 2016
Date of this Target's Statement	16 August 2016
Offer Period opens	26 August 2016
Offer Period closes (unless extended or withdrawn)	26 September 2016

IMPORTANT NOTICES

Nature of this document

This target's statement (**Target's Statement**) is dated 16 August 2016 and is given by Richfield under Part 6.5 Division 3 of the Corporations Act in response to the Bidder's Statement dated 11 August 2016.

ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and ASX on 16 August 2016. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this Target's Statement.

Defined Terms

Unless otherwise noted, capitalised terms and certain abbreviations used in this Target's Statement are defined in the Glossary in Section 13.

No account of personal circumstances

This Target's Statement does not take into account your individual investment objectives, financial situation or particular needs and should not be relied upon as the sole basis of any investment decision in relation to the Offer. You should seek independent financial and taxation advice before making any investment decision and any decision relating to the Offer.

Notice to Foreign Shareholders

The distribution of this Target's Statement may, in some jurisdictions, be restricted by law or regulation. Accordingly, persons who come into possession of this Target's Statement should inform themselves of, and observe those restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Information Line

If you have any questions in relation to the Offer or this Target's Statement, please call the Company Secretary (Ms Eryn Kestel) on 0435 905 770.

Charts and diagrams

Any diagram, chart, graph and table appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available at the date of this Target's Statement.

Forward-Looking Statements

Certain statements in this Target's Statement relate to the future and are forward-looking statements. All statements other than statements of historical fact are forward-looking statements. These forward looking statements involve known and unknown risks, key considerations, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Richfield to be materially different from future results, performance or achievements expressed or implied by such statements. These factors include, among other things, factors and risks specific to the industry in which Richfield is involved as well as general economic conditions (including currency exchange rates and interest rates), the regulatory environment, structural changes in the industries in which Richfield operates, competitive pressures, selling prices and market demand. The forward-looking statements in this Target's Statement reflect views held by Richfield only as at the date of this Target's Statement. Matters as yet not known to Richfield or not currently considered material by Richfield, may cause actual results of events to be materially different from those expressed, implied or projected in any of these forward looking statements.

None of Richfield, any of its officers, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood in any forward looking statement, and you should not place undue reliance on these statements.

Richfield and the Richfield Directors disclaim any obligation or undertaking to disseminate after the date of this Target's Statement any updates or revisions to any forward-looking statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based other than to comply with any relevant legal obligations.

Forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Privacy Statement

Richfield has collected your information from the Richfield share registry for the purpose of providing you with this Target's Statement. The type of information Richfield has collected about you includes your name, contact details and information on your shareholding in Richfield. The Corporations Act requires the name and address of Richfield Shareholders to be held in a public register.

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1. Chairman's Letter

Dear Shareholder,

Recommended cash takeover offer

On 11 August 2016, Mercantile announced an unconditional, all-cash, on-market takeover offer to acquire all of the Richfield Shares on issue in Richfield that Mercantile does not already own (the **Offer**).

The Offer is for a cash consideration \$0.34 per Richfield Share (**Offer Price**).

As the Offer is unconditional and on-market, Richfield Shareholders who accept the Offer will receive the Offer Price for each Richfield Share that they hold within normal market practice (T+2) settlement basis in accordance with ASX Settlement Operating Rules.

Richfield Shareholders may recall that on 23 December 2015 Mercantile previously made an offer of 20 cents per Richfield Share. At that time the Directors were of the opinion that the offer price was not sufficient and recommended that Shareholders rejected the offer. That offer closed on 8 February 2016 and at that time Mercantile held 26.38% of all Richfield Shares on issue.

Mercantile has slowly been acquiring Richfield Shares on-market since the close of their last offer and through these acquisitions Mercantile has increased its holding of Richfield Shares to 26.89% as at 10 August 2016, being the last full trading day prior to the announcement of the Offer.

Recommendation

Your Richfield Directors have carefully considered the Offer and unanimously recommend that Shareholders ACCEPT the Offer in the absence of a superior proposal.

Your Richfield Directors will accept, or procure the acceptance, of the Offer in respect of the Richfield Shares that they or their Associates own or control or otherwise have a relevant interest in, subject to there being no superior proposal.

In making our recommendation, your Richfield Directors have carefully considered the following matters:

- the Offer provides Richfield Shareholders with the ability to realise a cash premium to the trading prices of Richfield Shares over the 12-month period to 10 August 2016, being the last full trading day prior to the announcement of the Offer;
- the Offer Price of \$0.34 per Richfield Share is a 25.9% premium to the closing price of 26 cents per Richfield Share on 10 August 2016, being the last full trading day prior to the announcement of the Offer;
- the Offer Price of \$0.34 cash per Richfield Share is above the highest price at which Richfield Shares have traded in the 12 months prior to 10 August 2016, being the last full trading day prior to the announcement of the Offer;
- Richfield Shareholders are being offered certainty of value through the 100% cash consideration;
- there is a risk that there will be limited liquidity in Richfield Shares following the Offer, thereby making it more difficult for Richfield Shareholders who do not accept the Offer to realise value for their Richfield Shares. This is more likely if Mercantile gains a majority shareholding in Richfield but does not achieve the 90% shareholding required to entitle it to compulsorily acquire all outstanding Richfield Shares; and
- as at the date of this Target's Statement, no superior proposal has emerged.

Your Richfield Directors encourage you to read this Target's Statement in its entirety and consider the Offer having regard to your own personal risk profile, investment strategy and tax circumstances.

If you wish to accept the Offer you should carefully follow the instructions outlined in the Bidder's Statement. Please note that the Offer is scheduled to close at 5:00pm (AEST) on 26 September 2016 unless the Offer is extended in accordance with the Corporations Act.

If you have any questions in relation to the Offer, I encourage you to seek independent advice from your legal, financial or other professional adviser, or contact the Company Secretary, Eryn Kestel, on 0435 905 770.

I would like to take this opportunity to thank you for your support of Richfield.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Steven Pynt', with a stylized flourish at the end.

Steven Pynt
Non-Executive Chairman
Richfield International Limited

REASONS WHY YOU SHOULD ACCEPT THE OFFER



The Offer represents a significant premium to the recent trading price of Richfield Shares prior to the announcement of the Offer



The Offer is unconditional and provides certainty of value through 100% cash consideration.



The Offer has the unanimous recommendation by the Richfield Directors.



No superior proposal has emerged.



There are a number of risks that would be associated with being a minority Richfield Shareholder which you may be exposed to if the Offer was not accepted.



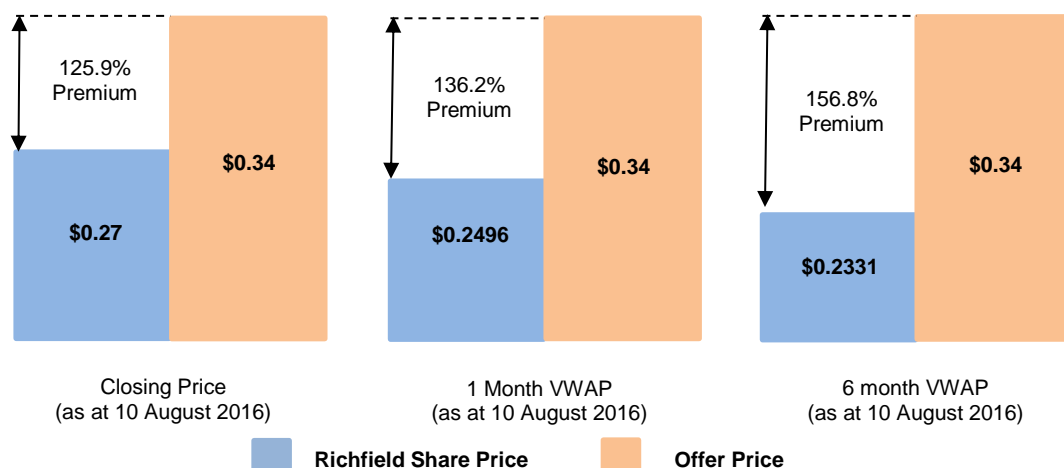
If Mercantile does not become entitled to proceed to compulsory acquisition and if no superior proposal emerges, the price of Richfield Shares will likely trade below the Offer Price of \$0.34 per Richfield Share.

2. Reasons why you should **ACCEPT** the Offer

The Board has considered the advantages and disadvantages of the Offer and the Directors unanimously recommend that you **ACCEPT** the offer made to you unless a superior proposal emerges. The reasons for this recommendation are:

2.1 The Offer represents a significant premium to the recent trading price of Richfield Shares prior to the announcement of the Offer

The 100% cash Offer of \$0.34 per Richfield Shares represents a significant premium over historical trading prices of Richfield Shares.



Source: Westpac Securities. As permitted by ASIC Class Order 07/249, this chart contains ASX share price trading information sourced from Westpac Securities who has not consented to the use of the reference to this trading information in this Target's Statement.

The cash Offer of \$0.34 per Richfield Share is also above the highest price at which Richfield Shares have traded in the 12 months prior to 10 August 2016, being the last full trading day prior to the announcement of the Offer.

2.2 The Offer is unconditional and provides certainty of value through 100% cash consideration

The unconditional all cash Offer Price of \$0.34 per Richfield Share allows Richfield Shareholders the opportunity to realise cash for their Richfield Shares immediately.

Richfield Shareholders who accept the Offer will receive the Offer Price within normal market practice (T+2) settlement basis in accordance with ASX Settlement Operating Rules.

2.3 The Offer has the unanimous recommendation of the Board

The Directors of Richfield have carefully considered the Offer and unanimously recommend that Richfield Shareholders **ACCEPT** the Offer in the absence of a superior proposal.

The Directors will **ACCEPT**, or procure the acceptance of, the Offer in respect of any Richfield Shares that they, or their Associates, own or control or otherwise have a Relevant Interest in, subject to there being no superior proposal.

2.4 No superior proposal to the Offer has emerged

As at the date of this Target's Statement, the Richfield Directors have not received any alternative or superior proposal from a third party.

2.5 There are a number of risks that would be associated with being a minority Richfield Shareholder which you may be exposed to if the Offer was not accepted.

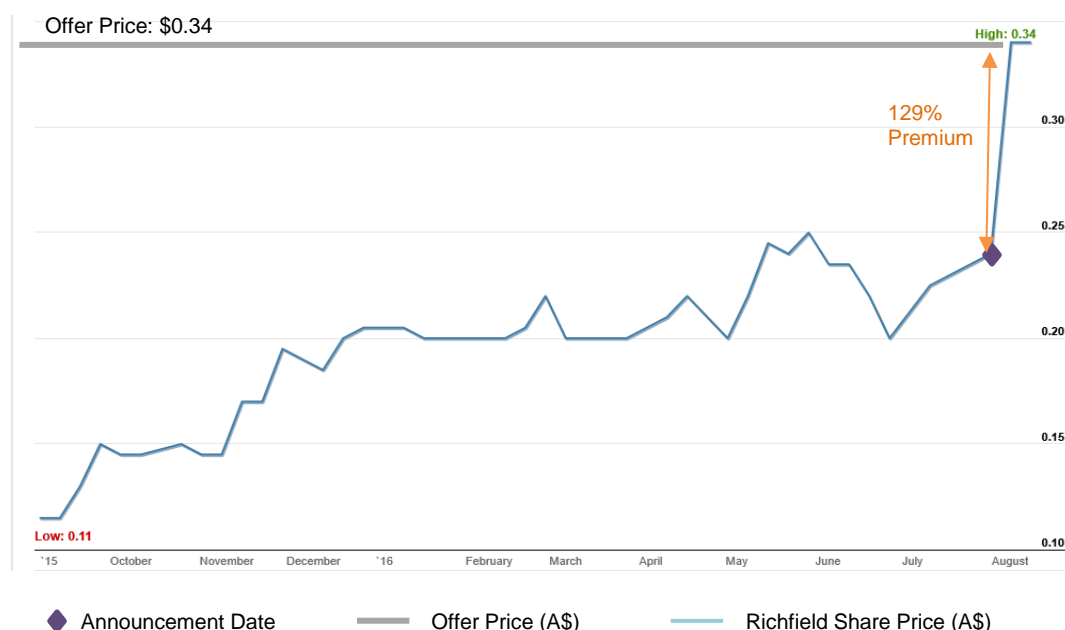
If Mercantile acquires more than 50.1% but less than 90% (threshold for compulsory acquisition of remaining Shares) of Richfield Shares, Mercantile would acquire a majority and controlling holding in Richfield. In these circumstances, any Richfield Shareholders who do not accept the Offer risks becoming a minority Shareholders in Richfield. This could have a number of possible implications, including:

- Mercantile would be in a position to cast the majority of votes at a general meeting of Richfield which will enable Mercantile to control the strategic direction of the business. In addition, if Mercantile acquires 75% or more of Richfield Shares (which it will when the Managing and Executive Directors accept the Offer), it will be able to pass any special resolutions which will enable Mercantile to pass among other things, changes to Richfield's Constitution;
- If Richfield remains listed on the ASX, the market for your Richfield Shares is likely to be less liquid and less active than at present; and
- Mercantile may seek to have Richfield de-listed. As a result, any remaining Richfield Shareholders will then hold securities in an unlisted vehicle, which are likely to be illiquid and have no active market. In addition, those securities would not be subject to the ASX Listing Rules which include various protections for Shareholders, including requirements for Shareholder approval in certain related party transactions

2.6 The Richfield Shares Price may trade below the Mercantile Offer Price of 34 cents following close of the Offer

If Mercantile does not acquire all of the Richfield Shares and no superior proposal is received by Richfield, your Richfield Directors believe that Richfield Shares may fall to levels significantly below the Offer Price.

Richfield's Share price, both prior to and after the Offer was announced, is shown in the chart below along with the value of the Offer.



Source: Westpac Securities. As permitted by ASIC Class Order 07/429, this chart contains ASX share price trading information sourced from Westpac Securities who has not consented to the use of the reference to this trading information in this Target's Statement.

3. Offer Considerations and Risks

This section sets out some reasons why Richfield Shareholders may choose not to follow the unanimous recommendation of the Directors to accept the Offer and instead decline to accept the Offer.

3.1 Shareholders may disagree with the Board's unanimous recommendation that the Offer is fair and believe that the Offer is inadequate.

You may disagree with the unanimous recommendation of the Board that the Offer is fair and reasonable. As at current date, no competing offer has emerged for consideration by the Richfield Directors.

3.2 By accepting the Offer Richfield Shareholders may lose exposure to any potential upside in the Richfield Share price

If Shareholders accept the Offer, they will give up your right to sell their Richfield Shares on-market, accept a competing takeover proposal in relation to Richfield or otherwise deal with their Richfield Shares.

3.3 Shareholders may consider that there is the potential for a superior proposal to be made in the foreseeable future.

Shareholders may believe that there is a possibility that a superior proposal could be made in the foreseeable future. As at current date, no competing offer has emerged for consideration by the Richfield Directors.

3.4 The potential tax consequences of the Offer may not suit Shareholders current financial position or tax circumstances

Acceptance of the Offer may have potential tax consequences for Richfield Shareholders.

4. Richfield Directors' recommendation

4.1 Recommendation

Your Richfield Directors unanimously recommend that you ACCEPT the Offer in the absence of a superior proposal. Your Richfield Directors further recommend that you do this promptly and follow the steps for acceptance set out in the Bidders Statement.

In considering whether to accept the Offer, your Richfield Directors encourage you to:

- read and carefully consider the whole of this Target's Statement and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain independent advice from your legal, financial or other professional adviser on the effect of accepting the Offer.

4.2 Your Directors' reasons for their acceptance

Your Richfield Directors' reasons for their above recommendation are set out in Section 1 of this Target's Statement.

4.3 Intentions of your Richfield Directors in relation to the Offer

Each of your Richfield Directors intend to ACCEPT, or procure the acceptance of, the Offer in respect of the Richfield Shares that they or their Associates own or control or otherwise have a Relevant Interest in, subject to there being no superior proposal.

Details of the interests of each Director is set out as follows:

Director	No of Richfield Shares
Steven Pynt (Non-Executive Chairman)	20,000
Chak Chew Tan (Managing Director)	23,381,550
Jennifer Lim (Executive Director)	13,465,912
Jwee Phuan Ng	NIL

5. Summary of the Offer and Your Choices as a Shareholder

5.1 Summary of the Offer

The Offer is \$0.34 cash for each of your Richfield Shares.

5.2 Your choices as a Richfield Shareholder

As a Richfield Shareholder you have three choices currently available to you:

(a) Accept the Offer

As the Offer is an on-market offer, acceptance is made by selling your Richfield Shares to Mercantile as part of normal market trading. You are not required to complete a form to accept the Offer.

If your Richfield Shareholding is a CHESS Holding, you will need to instruct your stockbroker to sell your Richfield Shares.

If your Richfield Shareholding is an Issuer Sponsored Holding, you may sell your Richfield Shares through a stockbroker of your choice.

Taylor Collinson Limited is the broker to the Offer and can be contacted on (08) 8217 3908. The contact person is Mr Hamish Nairn, Director of Taylor Collinson. Taylor Collinson does not provide personal advice and will not provide advice in relation to the Offer.

Beneficial owners whose Richfield Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in accepting the Offer.

(b) Sell your Richfield Shares on-market

You can elect to try and sell your Richfield Shares to another person other than Mercantile. However, it is unlikely that you will receive a higher price than the Offer.

If you fail to sell your Richfield Shares and Mercantile is able to compulsorily acquire your Richfield Shares, it will do so at the Offer Price and it is likely that you will be paid later than those Richfield Shareholders who accept the Offer.

(c) Do nothing

Richfield Shareholders who do not wish to accept the Offer or sell their Richfield Shares can do nothing.

Richfield Shareholders should note that if Mercantile has a Relevant Interest in at least 90% of the Richfield Shares during or at the end of the Offer Period, Mercantile will be entitled to compulsorily acquire the Richfield Shares that Mercantile does not already own. In that situation, it is likely that you will be paid later than those Richfield Shareholders who accept the Offer.

6. Frequently asked questions

This section is designed to help you understand some of the issues relating to the Offer.

Question	Answer
The Offer	
What is being offered to me?	Mercantile is offering \$0.34 cash for each Richfield Share held by you. You may only accept the Offer in respect of all of the Richfield Shares held by you.
What are the Richfield Directors recommending?	The Directors unanimously recommend that you ACCEPT the Offer, subject to there being no superior proposal. The reasons for your Directors' recommendation are set out in Section 1 of this Target's Statement.
What do the Directors intend to do with their Richfield Shares?	Each Director intends to accept or procure the acceptance of the Offer in respect of the Richfield Shares they own or control unless a superior proposal emerges.
When will I receive payment if I accept the Offer?	Richfield Shareholders who accept the Offer will receive the Offer Price within normal market practice (T+2) settlement basis in accordance with ASX Settlement Operating Rules.
What are the conditions of the Offer?	There are no conditions. The Offer is unconditional and available for immediate acceptance during the Offer Period.
When does the Offer open and close?	The Offer opens on 26 August 2016 and closes at 7.00pm AEST on 26 September 2016 unless it is extended or withdrawn in accordance with the Corporations Act.
Will Mercantile increase the Offer?	Mercantile has indicated that the Offer Price is final and that it will not be increasing the Offer Price.
Can Mercantile extend the Offer?	Yes, Mercantile can extend the Offer in accordance with the Corporations Act. However, Mercantile has no obligation to do so.
Why is there no independent expert's report in the Target's Statement?	<p>An independent expert's report is only required to be included in a target's statement where:</p> <ul style="list-style-type: none">• the bidder's voting power in the target is 30% or more; or• if a director of the target company is a bidder or a director of the bidder company. <p>Neither of these conditions apply to Richfield or the Offer. In addition, the Richfield Directors do not consider that an independent expert's report is necessary, as amongst other things the Offer is all cash and they believe that the information in this Target's Statement, the Bidder's Statement and publicly available information are sufficient for:</p> <ul style="list-style-type: none">• the Richfield Board to unanimously recommend that the Richfield Shareholders ACCEPT the Offer; and• for Richfield Shareholders to determine whether or not to accept the Offer.

Question	Answer
Options for Richfield Shareholders	
What choices do I have as a Shareholder?	<p>As a Shareholder, you have the following choices in respect of your Richfield Shares:</p> <ul style="list-style-type: none"> • accept the Offer in respect of your Richfield Shares (in full or in part); • sell your Richfield Shares on ASX (unless you have already accepted the Offer and have not validly withdrawn your acceptance); • do nothing.
How to respond to the Offer	
How do I accept the Offer?	<p>To accept the Offer, you should follow the instructions set out in Section 1.4 of the Bidder's Statement.</p> <p>If your Richfield Shareholding is a CHESS holding, you will need to instruct your broker to sell your Richfield Shares.</p> <p>If your Richfield Shareholding is an Issuer Sponsored Holding you may sell your Richfield Shares through a stockbroker of your choice.</p>
How do I reject the Offer?	<p>To reject the Offer, you should do nothing.</p> <p>If you do decide to do nothing, you should be aware of the rights of Mercantile to compulsorily acquire your Shares in certain circumstances. Refer to Section 4.3 of this Target's Statement for more information on compulsory acquisition.</p>
Can I accept the Offer for part of my shareholding?	<p>Yes, you can accept the Offer for all or part of your Richfield Shareholding.</p> <p>However, Mercantile has stated in section 4.3 of the Bidder's Statement that if Mercantile acquires more than 90% of Richfield Shares it will seek to compulsorily acquire the balance.</p>
Can I withdraw my acceptance of the Offer?	<p>No. If you accept the Offer, you will be legally bound to sell those Richfield Shares for which you have accepted the Offer and you cannot withdraw your acceptance.</p>
What are the tax implications of the Offer?	<p>A general outline of the tax implications of accepting the Offer is set out in Section 6 of the Bidder's Statement.</p> <p>As the outline is general in nature, you should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Offer.</p>
Do I pay brokerage if I accept?	<p>As the Offer is on-market, you may only accept the Offer by selling your Richfield Shares through an ASX market participant. Any brokerage charged by your selling agent/broker will be your sole responsibility.</p>

Question	Answer
What happens if I do nothing?	You will remain a Richfield Shareholder. However, Mercantile has stated in section 4.3 of the Bidder's Statement that if Mercantile acquires more than 90% of Richfield Shares it will seek to compulsorily acquire the balance.
Other Questions	
What is the Bidder's Statement?	<p>The Bidder's Statement was prepared by Mercantile and describes the terms of the Offer for your Richfield Shares and other information that Mercantile considers relevant to your decision as to whether or not to accept the Offer made to you.</p> <p>You should read the Bidder's Statement together with this Target's Statement in their entirety and, if required, obtain independent advice from your legal, financial or other professional adviser.</p>
What is the Target's Statement?	This Target's Statement is the formal response of the Richfield Board to the Offer, as required by the Corporations Act. This document has been prepared by Richfield and contains important information to help you decide whether or not to accept the Offer.
Is there a number I can call if I have further queries in relation to the Offer?	If you have any further queries about the Offer, please contact the Richfield Company Secretary, Eryn Kestel, on 0435 905 770.

7. About Richfield

This section includes more detailed information on Richfield's business and outlook.

7.1 Richfield's business

Richfield is a shipping company. The principal activities of Richfield are the provision of port and shipping services for ocean-going sea vessels engaged in the liner and tramp trade, sales and marketing of containerised shipping services and conventional break-bulk services, various port handling services, as well as regional handling of merchandise and commercial commodities for sea shipment in the containerised, ro-ro ("roll-on/roll-off") and break-bulk shipping markets

7.2 Current strategies

The Company will continue to focus on its strong financial management and the maintenance and development of its shipping services business, as well as seeking appropriate opportunities in order to target growth with improvement in profit margins.

7.3 Richfield Directors

The Directors as at the date of this Target's Statement are:

- Mr Steven Pynt (Independent Non-Executive Chairman)
- Mr Chak Chew Tan (Managing Director)
- Ms Jennifer Lim (Executive Director)
- Mr Jwee Phuan Frederick Eric Ng (Independent Non-Executive Director)

7.4 Financial results

Richfield recorded a consolidated profit of \$1,857,936 for the year ended 31 December 2015. As at 30 June 2016, Richfield had cash reserves of \$14,927,589.

7.5 Issued capital

As at the date of this Target's Statement, Richfield's issued capital consisted of 62,896,810 ordinary Richfield Shares.

7.6 Substantial holders

The substantial holders recorded on the Richfield Register, before the date of this Target's Statement, are as follows:

Shareholder	Number of Richfield Shares	Percentage of issued capital
Chak Chew Tan	23,381,550	37.17%
Mercantile OFM Pty Limited and its Associates ¹	16,913,632	26.89%
Poh Choo (Jennifer) Lim	13,465,912	21.41%

Notes:

1. Includes 12,516,465 Richfield Shares held on behalf of Mercantile Investment Company Limited and 4,397,167 held by Mercantile OFM.

8. About Mercantile

Mercantile OFM Pty Ltd is a wholly owned subsidiary of Mercantile Investment Company Limited (**MIC**), an ASX listed investment company.

MIC's principal activities are investment in cash and securities that will provide attractive risk adjusted returns, including by way of short term trading, profit making ventures and holding shares for dividend/long term capital appreciation, as appropriate.

For more information about Mercantile's intentions with regards to the Richfield business, please refer to section 4 of the Bidder's Statement.

For more information on Mercantile and MIC in general, please refer to section 2 of the Bidder's Statement or visit www.mercantileinvestment.com.au.

9. Risks Factors

9.1 Introduction

There are factors, both specific to Richfield and of a general nature, which may materially and adversely affect the future operating and financial performance of Richfield and the value of Richfield Shares. Many of these factors are outside the control of Richfield and the Richfield Directors.

This section outlines the risks the Richfield Directors regard as significant or major risks associated with an investment in Richfield. Each of the risks set out below could, if it were to eventuate, have a material adverse impact on Richfield's operating performance and profits and the value of the Richfield Shares.

9.2 Richfield-specific Risks

In addition to the general risks noted in section 9.3, there are also a number of risks specific to Richfield. These specific risks include, but are not limited to, those risks referred to below.

(a) International operations

The Company's primary business is shipping in the Asia Pacific region and the Company's subsidiaries are registered in Singapore. International sales and operations are subject to a number of risks, including:

- potential difficulties in enforcing agreements; and
- restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors may affect the Company's business, results of operations and financial condition.

(b) Foreign Exchange

Expenditure will be required in Singapore and US currency with some expenses in Australian dollars.

The Company's revenues, cash inflows, other expenses, capital expenditure and commitments may be denominated in foreign currencies.

To comply with Australian reporting requirements, the income, expenditure and cash flows of the Company will need to be converted and accounted for in Australian currency. This will result in the income, expenditure and cash flows of the Company being exposed to the fluctuations and volatility of the rate of exchange between other currencies and the Australian currency, as determined in international markets.

(c) The Company operates in industries which are cyclical

The Company's revenues and earnings will be sensitive to the level of activity in a number of industries, but principally the shipping and transport industry. These industries are sensitive to a number of factors outside of the Company's control, including international economic conditions. The Company is not able to predict the timing, extent and duration of the economic cycles in the global markets in which it operates. Because many of the Company's costs will be fixed, it may not readily be able to reduce its costs in proportion to the extent of an economic downturn. Any significant or extended downturn in the consumer markets and the manufacturing industries may negatively affect the Company's revenues, profits and financial position.

9.3 General Risks

(a) General economic conditions

Australian and world economic conditions may negatively affect Richfield's financial performance. Any protracted slowdown in economic conditions or factors such as the level of production in any relevant economy, inflation, currency fluctuation, interest rates, supply and demand and industrial disruption may have a negative impact on Richfield's costs and revenue. These changes could adversely affect Richfield's operations and earnings. Prolonged deterioration in general economic conditions, including increased interest rates or reduced consumer and business demand, could be expected to have a material adverse impact on Richfield's financial performance.

(b) Taxation

Changes to tax legislation and regulations or their interpretation may adversely affect the value of an investment in Richfield Shares and may affect Richfield Shareholders differently.

(c) Interest rates

A change in interest rates may impact on Richfield's financial performance.

(d) Accounting Standards

Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this Target's Statement may impact on Richfield's reported financial performance.

(e) Force majeure

Force majeure is a term used to refer to an event beyond the control of a party claiming that the event has occurred. These include acts of God, fire, floods, earthquakes, war and strikes. To the extent that force majeure events occur, they may affect Richfield's financial performance, the value and price of Richfield Shares.

(f) Other Risks

The risks discussed above are not exhaustive and Richfield may face other risks from time to time that may materially impact upon Richfield's financial performance.

10. Additional Information

10.1 Richfield Directors' interests in securities of Mercantile

No Richfield Directors have any Relevant Interests in securities of Mercantile or MIC as at the date of this Target's Statement.

10.2 Richfield Directors' dealings in Mercantile

No Richfield Director has acquired or disposed of a Relevant Interest in any securities of Mercantile or MIC in the four-month period immediately preceding the date of this Target's Statement.

10.3 Benefits and agreements

(a) Directorships

As at the date of this Target's Statement, no Richfield Director is a director of Mercantile.

(b) Benefits in connection with retirement from office

The Offer will not result in any Richfield Director or any other person being given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that Richfield Director or other person from a board or managerial office of Richfield.

(c) Agreements connected with or conditional on the Offer

There are no agreements made between any Richfield Director and any other person in connection with, or conditional upon, the outcome of the Offer.

(d) Benefits from Mercantile

No Richfield Director has agreed to receive or is entitled to receive, any benefit from Mercantile which is conditional on, or is related to, the Offer.

(e) Interests of Richfield Directors in contracts with Mercantile

No Richfield Director has any interest in contracts with Mercantile which is conditional on, or is related to, the Offer.

10.4 No litigation and material claims

As at the date of this Target's Statement, Richfield is not engaged in any litigation, the outcome of which is likely to have a material adverse effect on the business or financial position of Richfield and which has not previously been disclosed.

10.5 Reliance on information obtained from Mercantile or public sources

All of the information concerning Mercantile or MIC contained in this Target's Statement has been obtained from publicly available sources including public documents filed by Mercantile or MIC or information published by Mercantile or MIC on its website or from the Bidder's Statement. None of the information in this Target's Statement relating to Mercantile or MIC has been verified by Mercantile or MIC or independently verified by Richfield or its Directors for the purposes of this Target's Statement. Accordingly, to the extent permitted by law, Richfield makes no representation or warranty (either express or implied) as to the accuracy or completeness of this information. The information on Mercantile and MIC in this Target's Statement should not be considered comprehensive.

10.6 Continuous disclosure

Richfield is a “disclosing entity” under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require Richfield to notify ASX of information about specified matters and events as they occur for the purposes of making that information available to the market. In particular, Richfield has an obligation (subject to limited exceptions) to notify ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Richfield Shares.

Copies of the documents filed with ASX may be obtained from the ASX website at www.asx.com.au (ASX Code: RIS).

Copies of documents lodged with ASIC in relation to Richfield may be obtained from, or inspected at, an ASIC office.

10.7 Other information

This Target’s Statement is required to include all the information Richfield Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target’s Statement; and
- only if the information is known to any of the Richfield Directors.

The Richfield Directors are of the opinion that the information that Richfield Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer is:

- the information contained in the Bidder’s Statement (to the extent the information is not inconsistent with or superseded by information in this Target’s Statement);
- the information contained in releases by Richfield, Mercantile OFM and Mercantile to ASX before the date of this Target’s Statement
- the information contained in Richfield’s 2015 Annual Report and the Appendix 4D and 30 June 2016 Interim Financial Report; and
- the information contained in this Target’s Statement.

The Richfield Directors have assumed, for the purposes of preparing this Target’s Statement, that the information contained in the Bidder’s Statement is accurate (unless they have expressly indicated otherwise in this Target’s Statement). The Richfield Directors does not take any responsibility for the contents of the Bidder’s Statement and is not to be taken as endorsing, in any way, any of the statements contained in it.

In deciding what information should be included in this Target’s Statement, the Richfield Directors have had regard to:

- the nature of the Richfield Shares;
- the matters Richfield Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to the professional adviser of Richfield Shareholders; and
- the time available to Richfield to prepare this Target’s Statement.

11. Consents

This Target's Statement contains statements made by, or statements based on statements made by the Directors of Richfield. Each of the Directors of Richfield has given and has not, before the date of this Target's Statement, withdrawn their consent to the inclusion of:

- references to its name;
- each statement it has made; and
- each statement which is based on a statement it has made,

in this Target's Statement in the form and context in which those statements appear and to the maximum extent permitted by law expressly disclaims and takes no responsibility for any part of this Target's Statement other than any statement which has been included in this Target's Statement with the consent of that party.

As at the date of this Target's Statement, Fuse Advisory Lawyers as legal adviser to Richfield has consented to being named in this Target's Statement in the form and context in which it is named and has not withdrawn that consent. Fuse Advisory Lawyers has not caused or authorized the issue of this Target's Statement.

This Target's Statement includes statements which are made in or based on statements lodged with ASIC or on the company announcements platform of ASX. Under ASIC Class Order 01/1543, the parties making those statements are not required to consent, and have not consented, to the inclusion of those statements in this Target's Statement.

As permitted by ASIC Class Order 07/429, this Target's Statement includes references to ASX trading data. Pursuant to that Class Order, the consent of the person who prepared the trading data is not required for inclusion of that trading data in this Target's Statement.

12. Approval of Target's Statement

This Target's Statement has been approved by a circular resolution of all of the directors of Richfield dated 16 August 2016.



Steven Pynt
Signed for and on behalf of **Richfield International Limited**

Date: 16 August 2016

13. Glossary and Interpretation

13.1 Glossary

The following terms have the meanings set out below unless the context requires otherwise:

AEST means Australian Eastern Standard Time in Sydney, New South Wales.

Announcement Date means 11 August 2016.

ASIC means the Australian Securities & Investments Commission.

Associate has the meaning given in section 12(2) of the Corporations Act.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange it operates.

Bidder's Statement means the bidder's statement served on Richfield by Mercantile on 11 August 2016 in relation to the Offer.

Collison Taylor means Collison Tayler AFS Licence 247083 the broker for Mercantile OFM.

Control has the meaning given under section 50AA of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth) and any regulations made under that Act.

Listing Rules means the listing rules of ASX as amended or varied from time to time.

MIC means Mercantile Investment Company Limited ACN 121 415 576, the sole shareholder and parent company of Mercantile.

Mercantile or **Bidder** means Mercantile OFM Pty Limited ACN 120 221 623.

Net Asset Value means the total assets of the Company less the total liabilities of the Company.

Net Tangible Asset Value means the total assets of the Company less the intangible assets of the Company and less the liabilities of the Company.

Offer means the takeover bid by Mercantile to acquire all of the Richfield Shares that Mercantile does not already own on the terms set out in the Bidder's Statement.

Offer Period means the period during which the Offer is open for acceptance being between 26 August 2016 and 26 September 2016 (or such later date if the Offer is extended).

Offer Price means \$0.34 per Richfield Share.

Relevant Interest has the same meaning as in the Corporations Act.

Richfield or **Company** means Richfield International Limited ACN 103 306 403.

Richfield Board or **Board** means the board of directors of Richfield.

Richfield Director or **Director** means a director of Richfield.

Richfield Register means the register of Richfield Shareholders maintained by Richfield in accordance with the Corporations Act.

Richfield Shareholder means a person who is registered as the holder of Richfield Shares in the Richfield Register.

Richfield Shares means fully paid ordinary shares in the capital of Richfield.

T+2 Basis means that settlement occurs on the second Trading Day after the date of the transaction in accordance with ASX practice.

Target's Statement means this document, being the statement of Richfield under Part 6.5 of the Corporations Act in response to the Bidder's Statement.

Trading Day has the meaning given to it in the Listing Rules.

VWAP means volume weighted average price.

13.2 Interpretation

- (a) Annexures to the Target's Statement form part of this Target's Statement.
- (b) Words and phrases to which a meaning is given by the Corporations Act have that meaning in this Target's Statement unless that meaning is inconsistent with the context in which the word or phrase is used.
- (c) Headings are for convenience only and do not affect the interpretation of this Target's Statement.
- (d) The singular includes the plural and vice versa and words importing any gender include the other gender, and references to persons include corporations.
- (e) References to sections are to sections of this Target's Statement, unless stated otherwise.
- (f) References to paragraphs are references to paragraphs within the section of this Target's Statement in which the reference to the paragraph is made.
- (g) References to time are references to the time in Sydney, Australia on the relevant date, unless stated otherwise.
- (h) References to "dollars", "\$" or "cents" are to Australian currency.

14. Corporate Directory

Richfield International Limited
ACN 103 306 403

(ASX:RIS)

Registered Office

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Telephone

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Facsimile

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Website

www.richfield.com.sg

Company Secretary

Eryn Kestel

Share Registry

Advanced Share Registry Services
110 Stirling Highway, Nedlands, WA, 6009

Legal Adviser

Fuse Advisory Lawyers
184 Moorabool Street, Geelong, VIC, 3220