

Mercantile Investment Company Limited

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11 August 2016

ASX ANNOUNCEMENT

MERCANTILE OFM PTY LIMITED'S ON-MARKET TAKEOVER OFFER FOR RICHFIELD INTERNATIONAL LIMITED AT \$0.34 PER SHARE

The Directors of Mercantile Investment Company Limited (**Mercantile**) are pleased to announce that Mercantile's wholly owned subsidiary, Mercantile OFM Pty Limited (**Mercantile OFM**), is making an unconditional cash offer to acquire all shares in Richfield International Limited (ACN 103 306 403) (ASX code: RIS) (**RIS**) via an on-market takeover bid.

Taylor Collison Limited will, on behalf of Mercantile OFM, offer to acquire on-market at \$0.34 per RIS share, all of the fully paid ordinary shares in the capital of RIS that Mercantile OFM and Mercantile do not already own and that are listed for quotation on ASX that exist from today until the close of the offer period.

Details of the offer are set out in the **attached** Bidder's Statement.

For further information, contact:

Gabriel Radzyninski
Ph: 02 8014 1188

On-market Cash Offer by

**Mercantile OFM Pty Ltd (Mercantile OFM)
(ACN 120 221 623)**

**Mercantile OFM is a wholly owned subsidiary of Mercantile Investment
Company Limited (Mercantile)
(ACN 121 415 576)
(ASX Code MVT)**

to acquire all the ordinary shares in

**Richfield International Limited
(ACN 103 306 403)
(ASX Code RIS)**

at \$0.34 cash for each RIS Share

ACCEPT THE FIRST AND FINAL OFFER



TAYLOR COLLISON

(AFS Licence 247083)
Broker to the Offer



WATSON MANGIONI

Legal Adviser to Mercantile OFM

To accept this Offer, please instruct your stockbroker to sell your RIS Shares on-market to Mercantile OFM.

This is an important document and requires your immediate attention.

Directory

Bidder

Mercantile OFM Pty Limited
Level 11, 139 Macquarie Street
Sydney NSW 2000

Broker

Taylor Collison Limited
Level 16, 211 Victoria Square
Adelaide SA 5000
Hamish Nairn
(08) 8217 3908

Legal Advisor

Watson Mangioni Lawyers Pty Limited
Level 23, 85 Castlereagh Street
Sydney NSW 2000

Directors – Mercantile OFM

Sir Ron Brierley
James Chirnside
Gabriel Radzyninski

Directors - Mercantile

Sir Ron Brierley
James Chirnside
Ron Langley
Gabriel Radzyninski
Daniel Weiss (Dr Gary Weiss serves as
Daniel Weiss' alternate)

Company Secretaries

Mark Licciardo

If you are in any doubt as to how to deal with it, you should consult your financial or other professional advisor.

Important Dates

Event	Date
Date of Announcement A copy of the announcement is set out in Appendix A	11 August 2016
Date Bidder's Statement served on RIS and lodged with ASIC and ASX	11 August 2016
Date of Bidder's Statement	11 August 2016
Date from which RIS Shareholders can sell RIS Shares to Mercantile OFM	11 August 2016
Opening date of Offer Period	26 August 2016
Closing Date *	26 September 2016

* This date is indicative only and may be changed as permitted by the Corporations Act.

Why you should accept the Offer

- 1. The Offer Price is an attractive cash price for all RIS Shareholders**
- 2. The all cash Offer provides certainty for all RIS Shareholders compared to the risks of retaining RIS Shares**
- 3. If the Offer is successful and you accept, you will avoid the significant volatility associated with the global shipping industry and RIS' future operating risks**
- 4. RIS Shares are very thinly traded**
- 5. The trading price for RIS Shares on ASX may fall if the Offer lapses**
- 6. The Offer is unconditional and you can sell your RIS Shares immediately**
- 7. There are risks associated with being a RIS minority shareholder**

1. The Offer Price is an attractive cash price for all RIS Shareholders

The all cash consideration of \$0.34 per RIS Share is being offered to all RIS Shareholders.

Based on the price at which RIS Shares traded on-market on ASX up to and including 9 August 2016, being the last trading day prior to the Announcement Date, the Offer Price represents a premium of:

- 25.9% to \$0.27, the closing price of RIS Shares on the ASX on 9 August 2016;
- 36.2% to \$0.2496, the 1 month VWAP of RIS Shares;
- 45.9% to \$0.2331, the 3 month VWAP of RIS Shares;
- 56.8% to \$0.2168, the 6 month VWAP of RIS Shares; and
- 81.2% to \$0.1876, the 12 month VWAP of RIS Shares.

Prior to Mercantile's acquisition of RIS Shares under Mercantile OFM's on-market offer for RIS Shares in January 2016 (**January Offer**), RIS Shares have not closed above the Offer Price since 28 March 2006.

2. The all cash Offer provides certainty compared to retaining RIS Shares

The certainty of receiving an attractive cash price should be considered against the risks and uncertainties of remaining an RIS Shareholder, including the uncertainty regarding the global shipping industry.

THE OFFER IS FINAL. MERCANTILE OFM WILL NOT INCREASE THE OFFER PRICE UNDER THE OFFER.

Accordingly, if you buy shares on market above the Offer Price, Mercantile will not buy them from you at that higher price.

3. If the Offer is successful and you accept, you will avoid the significant volatility associated with the global shipping industry and RIS' future operating risks

Remaining as a shareholder in RIS will mean that you continue to be exposed to the risks related to the shipping industry including:

- operational and other market risks specific to the global shipping industry;
- oil price risk;
- credit and financing risk;
- global trade risk;
- political and regulatory risk;
- environmental and safety risk;
- foreign exchange risk;
- general economic risk; and
- equity market risk.

RIS has cited a number of these risks in its latest Interim Financial Report. RIS Directors noted, in their Review of Operations, that *“the container shipping industry which transports everything is experiencing significantly weaker-than-expected freight rates due to an overall worldwide weaker consumer demand...”*.

The Offer presents an opportunity for RIS Shareholders to receive a certain cash amount for their RIS Shares today, avoiding the risks outlined above.

4. RIS Shares are very thinly traded

RIS Shares are very thinly traded. Approximately 83% of RIS' issued capital is held by its top 3 shareholders.

In the 12 months to 10 August 2016, 23,386,008 RIS Shares traded. Of these, Mercantile OFM and its Associates traded in 16,913,632 RIS Shares, representing 70% of the total RIS Shares traded over the last 12 months.

Depending on the level of acceptances Mercantile OFM receives under the Offer, the market for RIS Shares may become even less liquid following the Offer.

5. The trading price for RIS Shares on ASX may fall if the Offer lapses

If the Offer is not successful and an alternative proposal does not emerge, the RIS Share price on ASX may decline and may trade below the Offer Price.

6. The Offer is unconditional and you can sell your RIS Shares immediately

The Offer is to acquire your RIS Shares for 100% cash consideration of \$0.34 per RIS Share. You can accept the Offer immediately by instructing your broker to sell your RIS Shares. You will receive cash payment within 2 trading days (i.e. T+2) of your acceptance of the Offer. There are no conditions attached to the Offer.

7. There are risks associated with being a minority shareholder

If Mercantile OFM achieves Voting Power sufficient to control RIS, but RIS remains listed on the ASX, the market for your RIS Shares may be even less liquid than at present, exposing remaining RIS Shareholders to greater uncertainty. This could also make it more difficult for you to sell your RIS Shares at an attractive price in the future.

If the number of RIS Shareholders is less than that required by the ASX Listing Rules then the ASX may suspend and/or de-list RIS Shares. If this occurs, any remaining RIS Shareholders will not be able to sell their RIS Shares on-market. Consequently, there may be a reduced likelihood of a subsequent takeover bid for RIS from parties other than Mercantile OFM.

After the Offer closes, if Mercantile OFM's Voting Power in RIS is less than 90% of RIS, RIS Shares may trade below the Offer Price. Depending on what level of acceptances Mercantile OFM receives, the market for your RIS Shares may become less liquid.

If Mercantile OFM becomes entitled to do so, it intends to exercise its entitlement under the Corporations Act to compulsorily acquire the remaining RIS Shares. If your RIS Shares are compulsorily acquired you will have to claim the consideration and will be paid later than RIS Shareholders who accept the Offer.

To accept the Offer, please instruct your stockbroker to sell your shareholding in RIS on-market to Mercantile OFM.

About the Offer

This summary of the Offer provides a general overview only, and should be read together with detailed information set out in the remainder of this Bidder's Statement.

What is Mercantile OFM offering for my RIS Shares?

The Offer Price is \$0.34 for each RIS Share.

Is the Offer Price final?

Yes, the Offer Price of \$0.34 for each RIS Share is final.

Mercantile OFM will not increase the Offer Price payable under this Offer. If you buy RIS for more than the Offer Price, Mercantile OFM will not buy them from you. If Mercantile OFM is able to compulsorily acquire your Shares it will do so at the Offer Price.

How do I accept the Offer?

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

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

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

Taylor Collison 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 Collison Limited. Taylor Collison Limited does not provide personal advice and will not provide advice in relation to accepting the Offer or continuing to hold RIS Shares.

Beneficial owners whose RIS 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.

Are there any conditions to the Offer?

No – the Offer is not subject to any conditions.

When will I be paid for my RIS Shares?

Acceptance of the Offer is only available by selling your RIS Shares on-market to Mercantile OFM. Once you have sold your RIS Shares, you will be paid as per normal market practice (T+2).

When does the Offer close?

The Offer closes at 7.00pm (Sydney time) on 26 September 2016, unless extended or withdrawn in accordance with the Corporations Act.

Mercantile OFM currently intends to proceed to compulsory acquisition of the remaining RIS Shares if it is entitled to do so under the Corporations Act.

What happens if I do not accept?

If Mercantile OFM is not able to compulsorily acquire your RIS Shares, unless you otherwise dispose of them, you will remain an RIS Shareholder.

Risks of remaining an RIS Shareholder include, but are not limited to, the potential for the market for RIS Shares to be less liquid or illiquid (in the event RIS is delisted).

What are the tax consequences of the Offer?

Our understanding of the major tax implications for RIS Shareholders resident for tax purposes in Australia are summarised in Section 6.

Your personal financial and other circumstances will influence your taxation position. You should read Section 6 carefully and seek your own independent professional taxation advice if necessary.

Will I pay any brokerage if I accept the Offer?

As the Offer will be on-market, accepting RIS Shareholders may only accept the Offer through brokers who are members of ASX. Any brokerage charged by that broker will be the sole responsibility of the accepting RIS Shareholder.

No stamp duty or Goods and Services Tax (GST) will be payable on the transfer of your RIS Shares under the Offer (other than GST payable to your broker in respect of brokerage fees charged to you).

Questions

If you have any enquiries about the Offer or its terms, please submit your query in writing to Mercantile OFM at Level 11, 139 Macquarie Street, Sydney NSW, 2000, by fax on 02 8084 9918 or consult your financial or other professional advisor.

Important Information

Bidder's Statement and Offer

This is a Bidder's Statement dated 11 August 2016 given by Mercantile OFM to RIS and each holder of RIS Shares under Part 6.5 of Chapter 6 of the Corporations Act and in compliance with sections 636 and 637 of the Corporations Act.

The Offer relates to all RIS Shares that exist or will exist at any time during the Offer Period.

ASIC

A copy of this Bidder's Statement was lodged with ASIC on 11 August 2016. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

Investment decision

This is an important document. This Bidder's Statement does not take into account the individual investment objectives, financial situation or any particular needs of each RIS Shareholder or any other person. RIS Shareholders may wish to seek independent financial and taxation advice before making a decision as to whether to accept the Offer.

Disclaimer

Except for historical information contained in this booklet, there may be matters discussed in this Bidder's Statement that are forward-looking statements. Such statements are only predictions and are subject to inherent risks and uncertainty. Forward-looking statements, which are based on assumptions and estimates and describe Mercantile OFM's future plans, strategies and expectations, are generally identifiable by the use of the words 'anticipate', 'will', 'believe', 'estimate', 'expect', 'intend', 'seek' or similar expressions. RIS Shareholders are cautioned not to place undue reliance on forward-looking statements. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties both general and specific that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Those risks and uncertainties include factors and risks specific to the industry in which Mercantile OFM and RIS operate as well as general economic conditions and prevailing exchange rates and interest rates. Actual events or results may differ materially.

All forward-looking statements attributable to Mercantile OFM, or persons acting on behalf of Mercantile OFM, are expressly qualified in their entirety by the cautionary statements in this section. Except as expressly required by the Corporations Act, Mercantile OFM makes no undertaking to publicly update or revise any forward-looking statements provided in this Bidder's Statement, whether as a result of new information, future events or otherwise, or the list of risks affecting this information.

None of Mercantile OFM's officers, any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, except to the extent required by law.

Defined terms

Defined terms used in this Bidder's Statement are capitalised. Definitions of these terms are set out in Section 9. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 9, words and phrases in the Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Sources of Information

Information included in this Bidder's Statement relating to RIS and its business has been derived solely from publicly available sources published by RIS, including the interim financial statement for the half year ended 30 June 2016, the 2015 Annual Report, the 2014 Annual Report, its announcements to ASX and its website.

Subject to the foregoing and to the maximum extent permitted by law, Mercantile OFM and its Directors disclaim all liability for any information concerning RIS included in this Bidder's Statement. RIS Shareholders should form their own views concerning RIS from publicly available information.

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1. Bidder's Statement

This is a Bidder's Statement dated 11 August 2016 given by Mercantile OFM to RIS and each holder of RIS Shares under Part 6.5 of Chapter 6 of the Corporations Act and in compliance with sections 636 and 637 of the Corporations Act.

1.1. The Offer – on-market takeover bid

As disclosed to ASX by its formal written announcement dated 11 August 2016, Mercantile OFM will make Offers under an on-market bid to buy all RIS Shares (together with all Rights attaching to them) that it and its Associates do not own, and that exist or will exist at any time during the Offer Period, at the Offer Price.

A copy of the takeover announcement is set out in Annexure A to this Bidder's Statement.

1.2. How the Offer will be made

The Offers will be made on behalf of Mercantile OFM by Taylor Collison, through ASX during the Offer Period. Unless the Offer is extended or withdrawn in accordance with the Corporations Act, the Offer Period will commence at the start of trading on ASX on 26 August 2016 and finish immediately at the close of trading on ASX on 26 September 2016.

In addition, it is the intention of Mercantile OFM to acquire RIS Shares offered on-market at (or below) the Offer Price from the time of the Announcement on 11 August 2016 until the Offer Period commences. Mercantile OFM, through Taylor Collison, will then make the Offer during the Offer Period at the Offer Price.

1.3. Extension of the Offer Period

Mercantile OFM may, at its discretion and in accordance with the Corporations Act, extend the Offer Period.

1.4. How to accept

The Offer may be accepted on-market on ASX before the end of the Offer Period. An RIS Shareholder may only accept the Offer during the Offer Period by selling all or some of their RIS Shares on-market to Mercantile OFM. RIS Shareholders can also sell their RIS Shares on-market to Mercantile OFM from and after 11 August 2016 to the closing date of the Offer Period.

If your RIS Shareholding is a CHESS Holding, you will need to instruct your sponsoring market participant or ASX settlement participant (formerly, "broker") to sell your RIS Shares. If your holding is an Issuer Sponsored Holding, you may sell your RIS Shares through your sponsoring market participant or ASX settlement participant (formerly, "broker") of your choice.

To accept the Offer, you should instruct your sponsoring market participant or ASX settlement participant (formerly, "broker") to accept the Offer on your behalf before the end of the Offer Period.

Beneficial owners whose RIS Shares are registered in the name of a market participant of ASX settlement participant (formerly, "broker"), investment dealer, bank, trust company or other nominee should contact that nominee for assistance in accepting the Offer.

1.5. Payment of Offer Price for your RIS Shares

The usual rules for settlement of transactions which occur on-market on ASX will apply in respect of Mercantile OFM's purchase of RIS Shares on-market. This means that, on accepting the on-market Offer, an RIS Shareholder will receive payment on a normal T+2 basis.

1.6. Brokerage and other costs

As the Offer will be on-market, accepting RIS Shareholders may only accept the Offer through brokers who are members of ASX. Any brokerage charged by that ASX settlement participant will be the sole responsibility of the accepting RIS Shareholder.

Mercantile OFM will bear its own brokerage, if any, on transfers of RIS Shares acquired through acceptances of the Offer.

No stamp duty or goods and services tax (**GST**) will be payable on the transfer of your RIS Shares under the Offer (other than GST payable to your ASX settlement participant in respect of brokerage fees charged to you).

1.7. Withdrawal

The Offer may be withdrawn by Mercantile OFM in accordance with the Corporations Act.

2. About Mercantile OFM

2.1. Corporate

Mercantile OFM is a wholly owned subsidiary of Mercantile.

Mercantile is an ASX listed investment company. Mercantile'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.

2.2. Directors of Mercantile OFM

The Mercantile OFM Directors are:

- Sir Ron Brierley – Chairman;
- Mr James Chirnside – non-executive director; and
- Mr Gabriel Radzynski – non-executive director.

2.3. Directors of Mercantile

The Mercantile Directors are:

- Sir Ron Brierley – Chairman;
- Mr James Chirnside – non-executive director;
- Mr Ron Langley – non-executive director;
- Mr Gabriel Radzynski – executive director; and
- Mr Daniel Weiss – non-executive director.

Dr Gary Weiss serves as an alternate director for Mr Daniel Weiss.

2.4. Public Announcements by Mercantile

Mercantile is a disclosing entity for the purposes of Section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require Mercantile to:

- (a) prepare and lodge with the ASX both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify the ASX of any information concerning Mercantile of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in Mercantile, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at ASIC in relation to Mercantile may be obtained from or inspected at an office of ASIC. Copies of documents lodged with ASX in relation to Mercantile may be obtained from the ASX website (www.asx.com.au).

3. About RIS

3.1. Disclaimer

The following description of RIS and the financial information concerning RIS contained in this Section has been prepared by Mercantile OFM using publicly available information. To the extent permitted by law, Mercantile OFM does not make any representation or warranty, express or implied, as to the currency, accuracy or completeness of such information.

The primary sources of information used by Mercantile OFM about RIS are as follows:

- (a) the RIS Appendix 4D and interim financial report for the half year ended 30 June 2016, the RIS annual reports for the 2015, 2014 and 2013 financial years, and the RIS Appendix 4C reports for the quarters ended 30 June 2016, 31 March 2016, 31 December 2015 and 26 September 2015 and in each case issued on ASX;
- (b) other announcements issued by RIS through ASX; and
- (c) the RIS website.

3.2. Overview of RIS and its principal business activities

RIS is a shipping company. The principal activities of RIS are the provision of port and shipping services for ocean-going vessels engaged in the liner and tramper 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, roll-on/roll-off (also referred to as "ro-ro") and break-bulk shipping markets.

3.3. Directors

As at the date of this Bidder's Statement, there are 5 directors of RIS, being:

- Steven Pynt (Non-Executive Chairman)
- Chak Chew Tan (Managing Director)
- Jennifer Lim (Executive Director)
- Andrew Phillips (Non-Executive Director)
- Juree Phuam Ng (Non-Executive Director)

3.4. Major shareholders

As at the date of this Bidder's Statement, substantial shareholder notices received by RIS and released to the market through ASX disclose the following substantial shareholders:

Name	Number of Shares	Percentage of issued capital
Chak Chew Tan	23,113,050	36.74%
Poh Choo Lim	12,579,362	20.00%
Mercantile OFM and its Associates	16,913,632 ¹	26.89%

Notes:

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

3.5. Overview of RIS' historical financial performance

A summary of the historical consolidated financial performance of RIS and its controlled entities since 1 January 2012 is set out below¹:

A\$	6 months to 30 June 2016 (‘000’)	12 months to 31 Dec 2015 (‘000’)	12 months to 31 Dec 2014 (‘000’)	12 months to 31 Dec 2013 (‘000’)
Revenue ²	1,852	3,610	3,136	3,678
Foreign exchange gains / (losses)	(249)	1,266	679	208
Operating expenses ³	(1,331)	(2,926)	(2,243)	(2,857)
Operating profit after tax attributed to members of the parent entity	272	1,858	1,462	965

Notes:

1. The above information has been drawn from the audited financial statements for RIS and its controlled entities and associated disclosure included in its Annual Reports for the years ended 31 December 2015, 2014 and 2013 and the audit reviewed interim financial report for the half year ended 30 June 2016. The above amounts have been rounded as set out in the Annual Reports (to the nearest \$1,000).
2. Revenue includes revenue from ordinary activities and other income.
3. Operating expenses are all expenses, except for foreign exchange gains or losses, prior to payment of income tax.

RIS Statement of Financial Position

The consolidated statement of financial position of RIS as at 31 December 2015 and 30 June 2016 is set out below.

	30 June 2016 ¹ (\$)	31 December 2015 ² (\$)
CURRENT ASSETS		
Cash and cash equivalents	14,927,589	12,412,162
Receivables	170,110	230,959
Other	765,583	185,767
TOTAL CURRENT ASSETS	15,863,282	12,828,888
NON CURRENT ASSETS		

	30 June 2016 ¹ (\$)	31 December 2015 ² (\$)
Available-for-sale financial assets	-	1,352,093
Property, plant and equipment	387,270	445,699
Intangibles	5,761,471	5,761,471
TOTAL NON CURRENT ASSETS	6,148,741	7,559,263
TOTAL ASSETS	22,012,023	20,388,151
CURRENT LIABILITIES		
Payables	1,939,213	900,439
Income tax liabilities	54,143	103,402
TOTAL CURRENT LIABILITIES	1,993,356	1,003,841
NON CURRENT LIABILITIES		
Deferred tax liabilities	10,357	10,083
TOTAL NON CURRENT LIABILITIES	10,357	10,083
TOTAL LIABILITIES	2,003,713	1,013,924
NET ASSETS	20,008,310	19,374,227
EQUITY		
Issued capital	10,693,287	10,693,287
Asset revaluation reserves	-	(17,775)
Foreign currency translation reserve	2,186,735	1,842,773
Retained earnings	7,128,288	6,855,942
TOTAL EQUITY	20,008,310	19,374,227

Notes:

1. The information in the column headed "30 June 2016" has been drawn from the audit reviewed financial statements for RIS and its controlled entities and associated disclosure included in the interim financial statements for the half year ended 30 June 2016.
2. The information in the column headed "31 December 2015" has been drawn from the audited financial statements for RIS and its controlled entities and associated disclosure included in the annual report for the financial year ended 31 December 2015.

Cash levels as disclosed in Appendix 4C

RIS reports its cash commitments on quarterly basis. These reports, known as Appendix 4C reports, require RIS to disclose its cash levels and known cash commitments at the end of each quarter. The table below summarises provides the end of quarter closing cash balances for the past 4 reported quarters.

\$	30 June 16	31 March 16	31 December 15	26 September 15
Cash at end of quarter	14,927,589	13,221,008	12,412,161	12,745,699

3.6. ASX announcements

RIS is a disclosing entity for the purposes of Section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require RIS to:

- (a) prepare and lodge with ASIC both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify the ASX of any information concerning RIS of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in RIS, subject to certain limited exceptions related mainly to confidential information.

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

Since the 31 December 2015 Annual Report, RIS has issued the following announcements to the ASX:

Date	Announcement
08/08/2016	Appendix 4D and June 2016 Interim Financial Report
11/07/2016	Cashflow Report for June 2016 Quarter
20/05/2016	Results of 2016 Annual General Meeting
20/04/2016	Notice of 2016 Annual General Meeting
18/04/2016	Cashflow Report for March 2016 Quarter
18/03/2016	2015 Appendix 4G and Corporate Governance Statement
18/03/2016	2015 Annual Report

3.7. RIS Options

RIS executives are entitled to participate in the RIS share option scheme. This provides that scheme shares can be offered to participants as determined by the remuneration committee, however no share options were issued during the financial year ending 31 December 2015.

According to the remuneration report in the RIS 2015 Annual Report, there are currently no options on issue.

4. Mercantile OFM's intentions

4.1. General

This Section 4 sets out Mercantile OFM's intentions in relation to:

- the continuation of RIS' business;
- any significant changes to be made to RIS' business, including any redeployment of RIS' fixed assets; and
- the future employment of RIS' employees.

Mercantile OFM's intentions are based on the information known and the circumstances that exist at the date of this Bidder's Statement.

Mercantile OFM has reviewed information in the public domain concerning RIS, its business and the general business environment in which it operates. Based on its review of that material, and on its current assessment of RIS' operations, Mercantile OFM's intentions in relation to RIS are summarised

below. Statements set out in this Section are statements of current intentions only which may change as new information becomes available or circumstances change.

4.2. Strategic review

As Mercantile OFM does not currently have access to all material information, facts and circumstances which it considers necessary to assess the operational, commercial, taxation and financial implications of its current intentions, final decisions on these matters have not been made. Upon completion of the Offer, Mercantile OFM proposes to conduct a review of the strategy, operations, activities, assets and employees of RIS in light of the information which then becomes available to it (**Review**).

Final decisions will only be reached in light of all material facts and circumstances. Accordingly, the statements set out in this Section are statements of current intention only which may change as new information becomes available or circumstances change.

4.3. Mercantile OFM's intentions upon acquisition of 90% or more of RIS Shares

This Section sets out Mercantile OFM's intentions if it acquires 90% or more of RIS Shares and becomes entitled to proceed to compulsory acquisition under the Corporations Act for the RIS Shares.

- At this point in time Mercantile OFM intends to proceed to compulsory acquisition of the remaining RIS Shares if it is entitled to do so under the Corporations Act.
- Mercantile OFM will seek to remove RIS from the Official List of ASX.
- Mercantile OFM intends to replace all non-executive members of the RIS board of directors with nominees of Mercantile OFM. If Mercantile OFM does not proceed with compulsory acquisition of the RIS Shares it does not own, it will undertake the actions referred to in Section 4.5.
- Mercantile OFM intends to undertake the Review.
- Subject to the outcome of the Review, Mercantile OFM expects to continue to operate the RIS business in substantially the same manner as it is presently operated by RIS.

4.4. Mercantile OFM's intentions upon acquisition of more than 50.1% but less than 90% of RIS Shares

This Section sets out Mercantile OFM's intentions if, by virtue of acceptance of the Offer or pre-Offer acquisitions on-market, Mercantile OFM was to gain effective control of RIS without becoming entitled to compulsorily acquire the outstanding RIS Shares.

In the event that Mercantile OFM achieves a Relevant Interest in RIS of more than 50.1% but less than 90%, Mercantile OFM's current intentions are as set out below.

- RIS will become a controlled entity of Mercantile OFM.
- Subject to the Corporations Act and the Review, Mercantile OFM proposes to seek the appointment of a majority of Mercantile OFM nominees to the board although it has not made any decision as to who would be nominated for appointment. Mercantile OFM may also seek to add to, replace or reorganise the roles of a proportion of the members of the RIS board of directors to reflect the proportionate ownership interest of Mercantile OFM and other RIS Shareholders.
- Mercantile OFM will seek to remove RIS from the Official List of ASX.
- Mercantile OFM intends to undertake the Review.

- Mercantile OFM intends to undertake the activities referred to in Section 4.5 to the extent permitted by its control of RIS.
- Mercantile OFM may, at some later time, acquire further RIS Shares in a manner consistent with the Corporations Act.
- If Mercantile OFM becomes entitled at some later time to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act, it may exercise those rights.

4.5. Mercantile OFM's intentions upon acquisition of less than 50.1% of RIS Shares

If Mercantile OFM does not achieve a Relevant Interest in RIS of 50.1%, Mercantile OFM will endeavour, to the extent possible through its non-controlling holding of RIS Shares, to give effect to the intentions set out in Section 4.5. However, Mercantile OFM considers that its ability to effect the intentions set out in Section 4.5 will be significantly limited if Mercantile OFM is unable to achieve a Relevant Interest in RIS of more than 50.1%.

Mercantile OFM may consider acquiring additional RIS Shares under the “creep” provisions of Item 9 in Section 611 of the Corporations Act (which provides that Mercantile OFM and its Associates may acquire up to 3% of RIS Shares every 6 months) until it achieves a majority Voting Power. Mercantile OFM has not yet decided whether it will acquire further RIS Shares as this will depend upon the extent to which Mercantile OFM has the capacity to acquire further RIS Shares and market conditions at that time.

4.6. Intentions generally

Except for the changes and intentions set out in Section 4, Mercantile OFM intends, based on the information presently known to it:

- to continue the RIS business;
- not to make any major changes to the business of RIS (other than to implement the initiatives previously announced by RIS through ASX) or the deployment of RIS' assets; and
- not to make any changes to the employment of RIS' employees.

4.7. Limitations on intentions

The intentions and statements of future conduct set out in this Section 4 must be read as being subject to:

- the law (including the Corporations Act) and the Listing Rules, including in particular the requirements of the Corporations Act and the Listing Rules in relation to conflicts of interest and “related party” transactions given that, if Mercantile OFM gains control of RIS but does not acquire all of the RIS Shares, it will be treated as a related party of RIS for these purposes;
- the legal obligation of the RIS directors at the time, including any nominees of Mercantile OFM, to act in good faith and the best interests of RIS and for proper purposes and to have regard to the interest of all RIS Shareholders (in which regard the role of independent directors of RIS will also be important); and
- the outcome of the Review.

5. Sources of Bid Consideration

5.1. Consideration under the Offer

The total amount that Mercantile OFM would be required to pay for RIS Shares if Mercantile OFM acquires all of the RIS Shares on issue on the date of this Bidder's Statement in which it and its Associates do not have a Relevant Interest at the Offer Price is \$15.6 million plus brokerage.

The total cash consideration payable by Mercantile OFM as described in this Section 5 excludes any brokerage payable by Mercantile OFM.

5.2. Financial position of Mercantile

Mercantile is an investment company listed on the ASX. As at 30 June 2016, based on the unaudited monthly financial statements, Mercantile had total assets of approximately \$69.6 million and net assets of approximately \$46.4 million.

As at 30 June 2016, the net tangible asset backing per Mercantile share (after all fees and expenses) on a post tax basis was 16.08 cents per share. This represented total net tangible assets of Mercantile as at that date of approximately \$45.0 million.

On 24 June 2016 Mercantile announced that it had issued unsecured notes to raise gross proceeds of approximately \$15.6 million. As at the date of this Bidders Statement, Mercantile has cash reserves of approximately \$8 million which includes the proceeds of the unsecured notes.

5.3. Commitment of Mercantile OFM Funding

The Offer is not subject to a financing condition.

Mercantile OFM estimates that the total transaction costs associated with the Offer (other than the Offer Price payable for all RIS Shares) will not exceed \$100,000.

Mercantile OFM has received a binding letter of commitment (**Commitment Letter**) from its ultimate parent, Mercantile, under which Mercantile has committed to loan Mercantile OFM the funds necessary to pay for the Offer Price for all RIS Shares under this Offer and all transaction costs associated with the Offer that are not funded from any other source. This commitment is uncapped.

Funds made available pursuant to the Commitment Letter must be repaid by Mercantile OFM 1 year after the Closing Date. Interest on such funds will accrue at the Reserve Bank of Australia cash rate. In the view of Mercantile OFM, this period will be sufficient to enable it to arrange refinancing with its listed parent Mercantile or other means to effect repayment if the loan has not been repaid by that date.

Funds made available to Mercantile OFM under the Commitment Letter:

- are immediately available and are not subject to any conditions or limitations to drawdown; and
- are sufficient to fund the maximum available amount of consideration payable under the Offer and all associated transaction costs.

Mercantile will fund its obligations under this Commitment Letter with existing cash reserves and a short term debt facility provided by Sir Ron Brierley (**Short Term Debt Facility**), the key terms of which were disclosed in section 4.3 of the replacement prospectus issued by Mercantile and dated 2 June 2016.

6. Tax considerations

6.1. General

The following is a summary of the principal Australian tax consequences generally applicable to RIS Shareholders who dispose of their RIS Shares under the Offer for cash consideration. These consequences will depend on the individual circumstances of RIS Shareholders. You should make your own inquiries and seek independent professional advice on your circumstances.

The comments set out below are relevant only to those RIS Shareholders who hold their RIS Shares as capital assets for the purpose of investment and who do not (or would not) hold those RIS Shares in connection with the conduct of a business. Certain RIS Shareholders (such as those engaged in a business of trading or investment, those who acquired their RIS Shares for the purpose of resale at a profit or those which are banks, insurance companies, tax exempt organisations, superannuation funds or persons who acquired their RIS Shares in the course of their employment with RIS) will or may be subject to special or different tax consequences specific to their circumstances.

The following outline is based upon Australian taxation law and practice in effect as at the date of this Bidder's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every RIS Shareholder. RIS Shareholders should seek independent professional advice regarding the taxation consequences of disposing of RIS Shares in the light of their own particular circumstances.

6.2. Australian-resident Shareholders

If you accept the Offer, you will be treated as having disposed of your RIS Shares. If you held them on capital account and you dispose of them, such a disposal is likely to constitute a CGT event for CGT purposes. Australian resident RIS Shareholders may make a capital gain or capital loss on the disposal of their RIS Shares under the Offer.

In general, the capital gain or loss on the disposal of a RIS Share under the Offer is the difference between the value of the capital proceeds (i.e. the cash consideration received from Mercantile OFM) and the cost base of the RIS Share. The cost base of RIS Shares is generally their cost of acquisition or deemed cost of acquisition. Certain other amounts associated with acquisition and disposal, such as brokerage or stamp duty, may be added to the cost base. The capital loss will be calculated on the basis of the difference between the capital proceeds and the reduced cost base of the RIS Share.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Capital gains made during an income year are reduced by any capital losses made during that same income year. This may be reduced further by capital losses carried forward from prior years. A 'CGT Discount' may be available to further reduce the taxable gain for certain RIS Shareholders (see further below). The remaining net capital gain is included as assessable income in your income tax return and is subject to income tax at your marginal tax rate in the year in which you dispose of the shares. A net capital loss may be carried forward to be offset against future capital gains (not against other income for income tax purposes).

An RIS Shareholder who is an individual, complying superannuation entity or trustee of a trust may be eligible for a 'CGT Discount' if they acquired (or are deemed to have acquired) their RIS Shares at least 12 months before the time they accept the Offer. The CGT Discount is not available to companies, nor does it apply to RIS Shares owned (or deemed to be owned) for less than the relevant 12 month period.

6.3. Non-resident Shareholders

RIS Shareholders who are not resident in Australia for tax purposes should also consider the tax consequences under the laws of their country of residence, as well as under Australian the disposal of RIS Shares under the Offer. In Australia, the CGT rules only apply to non-residents of Australia in relation to 'taxable Australian property'. RIS Shares held by an RIS Shareholder who is not an Australian resident for tax purposes will be taxable Australian property only if:

- (a) the shares are an indirect Australian real property interest; or

- (b) the shares were used at any time by the RIS Shareholder in carrying on a business through a permanent establishment in Australia; or
- (c) the shares were included under a CGT deferral election when the shareholder ceased to be an Australian resident.

RIS Shares will generally not constitute an indirect Australian real property interest unless the total market value of Australian real property assets is more than 50% of the total market value of RIS' assets and the shareholding represents at least 10% (including associate interests) of either the total shares or voting right or distribution rights.

6.4. Stamp duty and GST

Any stamp duty payable pursuant to the Offer will be the liability of Mercantile OFM and will be paid by Mercantile OFM. RIS Shareholders may be charged GST on costs (such as advisor fees) that relate to their participation in the Offer. RIS Shareholders may be entitled to input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

7. Information on RIS securities

7.1. RIS capital structure

As at the date of this Bidder's Statement, there are 62,896,810 RIS Shares on issue.

7.2. RIS Share trading

RIS Shares are thinly traded. Over 82% of RIS Shares on issue are held by the top 3 RIS Shareholders. The average daily volume of RIS Shares traded on ASX in the 12 month period to 10 August 2016 was 21,198. The average daily value of RIS Shares traded on ASX in the 12 month period to 10 August 2016 was \$3,977. In that 12 month period, the highest closing price, lowest closing price and VWAP of RIS Shares traded on ASX were as follows:

Low – \$0.1150

High – \$0.2700

VWAP – \$0.1876

Over the same period, Mercantile OFM and its Associates have acquired a total of 16,913,632 RIS Shares representing approximately 70% of RIS Shares traded in the 12 months to 10 August 2016.

Over the four months to 10 August 2016 none of Mercantile OFM or its Associates acquired any RIS shares.

Under the January Offer, Mercantile OFM and its Associates increased their Voting Power in RIS to 26.89% of RIS total issued capital. (being the Voting Power held as at the date of this Bidder's Statement).

7.3. Mercantile OFM and its Associates' interests in RIS

As at the date of this Bidder's Statement, Mercantile OFM and Mercantile had a Relevant Interest in a total of 16,913,632 RIS Shares (see Section 3.4 for details).

As at the date of this Bidder's Statement, Mercantile OFM and its Associates had Voting Power of 26.89% in RIS.

Siblow Pty Limited has Voting Power of more than 20% in Mercantile and so has the same Relevant Interest in RIS Shares that Mercantile and Mercantile OFM has. Sir Ron Brierley controls Siblow Pty Limited and so he also has the same Relevant Interest in RIS Shares that Mercantile OFM and

Mercantile has. Accordingly, each of Siblow Pty Limited and Sir Ron Brierley each have a Relevant Interest in 16,913,632 RIS Shares representing Voting Power of 26.89% in RIS.

Neither Siblow Pty Limited nor Sir Ron Brierley has any Relevant Interest in RIS Shares other than through Mercantile and Mercantile OFM as outlined above.

7.4. No collateral benefits

Neither Mercantile OFM nor any of its Associates has, during the period of 4 months ending on the day immediately before the date of Offer, given, or offered or agreed to give, a benefit to another person likely to induce the other person, or an Associate, to:

- (a) accept the Offer; or
- (b) dispose of RIS Shares,

which benefit was not offered to all RIS Shareholders under the Offer.

7.5. No escalation agreements

Neither Mercantile OFM nor any Associate of Mercantile OFM has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

7.6. No dealings in RIS Shares

In the 4 months prior to the date of the Offer, neither Mercantile OFM nor any of its Associates have dealt with any RIS Shares.

8. Additional Information

8.1. Material Contracts

Mercantile OFM is not aware of the terms of any contracts to which RIS or any of its controlled entities are a party that contain provisions entitling the contract counterparty to terminate the contract in the event of a change of control of RIS.

Mercantile OFM has not engaged in any discussions with any party with whom RIS or a controlled entity of RIS has a substantive contract for the provision of goods or services to assess the impact of a change of control of RIS on any contract.

8.2. Regulatory Approvals

There are no regulatory approvals that Mercantile OFM needs to obtain before acquiring RIS Shares under the Offer.

8.3. Consents

Taylor Collison has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as the Broker to the Offer in this Bidder's Statement in the form and context in which it is so named.

Watson Mangioni Lawyers Pty Limited (**Watson Mangioni**) has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as legal advisors to the Offer in the form and context in which it is named.

Each of Taylor Collison, and Watson Mangioni:

- (a) has not authorised or caused the issue of the Bidder's Statement;

- (b) does not make, or purport to make, any statement in this Bidder's Statement other than as specified as in this Section;
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Bidder's Statement other than the reference to its name and the statements (if any) included in this Bidder's Statement with the consent of that party as specified in this Section.

8.4. Other material information

There is no other information material to the making of a decision by an offeree whether or not to accept an Offer (being information that is known to Mercantile OFM and has not previously been disclosed to the holders of RIS Shares) other than as disclosed in this Bidder's Statement.

8.5. Power to withdraw

Mercantile OFM may only withdraw unaccepted Offers made under this bid if a Prescribed Occurrence takes place during the Offer Period, but only if Mercantile OFM's voting power in RIS, at the time of the Prescribed Occurrence, is at or below 50%.

Mercantile OFM may also immediately withdraw unaccepted Offers made under this bid upon the occurrence of an Insolvency Event (regardless of the level of Mercantile OFM's voting power in RIS) at the time that Insolvency Event occurs.

8.6. Effect of withdrawal

This Offer is incapable of acceptance if withdrawn.

8.7. Extension of Offer Period

Mercantile OFM may vary this Offer by extending the Offer Period, in accordance with Section 649C of the Corporations Act.

8.8. Variation

Mercantile OFM reserves the right to vary this Offer in accordance with the provisions of Section 649A of the Corporations Act.

8.9. ASIC modifications and exemptions

This Bidder's Statement includes or is accompanied by statements that are made in, or based on, statements made in documents lodged with ASIC or ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement. A list of all such documents is set out in Section 3.6.

In accordance with your right to obtain a copy of the above documents free of charge under ASIC class order 13/521, please contact Mercantile OFM on 02 8014 1188.

Mercantile OFM has not obtained from ASIC any modifications or exemptions from the Corporations Act in relation to the Offer.

8.10. Costs and expenses

All costs and expenses of the preparation and circulation of this Bidder's Statement and the Offer, and all transfer duty payable on transfer of your RIS Shares will be paid by the Bidder.

9. Definitions and Interpretation

9.1. Definitions

The following defined terms are used throughout this Bidder's Statement unless the context otherwise requires. These terms are used throughout this Bidder's Statement.

\$	Australian Dollars.
Announcement Date	The date on which the Offer was announced to ASX, namely 11 August 2016.
ASIC	Australian Securities & Investments Commission.
Associate	Has the same meaning given to that term in section 9 of the Corporations Act
ASTC	ASX Settlement Pty Limited (ABN 49 008 504 532) which administers CHESS in Australia in relation to relevant transactions.
ASX	ASX Limited (ABN 98 008 624 691).
Bidder's Statement	The contents of this booklet.
Broker	Taylor Collison Limited.
CGT	Capital gains tax.
CHESS	The Clearing House Electronic Subregister System which provides for the electronic transfer, settlement and registration of securities in Australia.
CHESS Holding	A holding of RIS Shares on the CHESS subregister of RIS.
controlled entity	Has the meaning given to that word in the Corporations Act.
Corporations Act	The Corporations Act 2001 (Cth).
Director	A director of Mercantile OFM.
Governmental Agency	Any government, semi-government, administrative, fiscal, judicial or regulatory body, department, commission, authority, tribunal, agency or entity.
GST	Goods and services tax.
Listing Rules	The listing rules of the ASX.
Mercantile	Mercantile Investment Company Limited (ACN 121 415 576).
Mercantile OFM	Mercantile OFM Pty Limited (ACN 120 221 623).
Offer	The offer to acquire RIS Shares which will be made on-market by Mercantile OFM, as set out in Section 1 of this Bidder's Statement.
Offer Period	The period for which the Offer remains open being the period from 26 August 2016 to 27 September 2016 unless extended or withdrawn in accordance with the Corporations Act.
Offer Price	\$0.34 per RIS Share.

Prescribed Occurrence	Any of the following events: (a) RIS converts all or any of its shares into a larger or smaller number of shares; (b) RIS or a Subsidiary of RIS resolves to reduce its share capital in any way; (c) RIS or a Subsidiary of RIS: (i) enters into a buy-back agreement; or (ii) resolves to approve the terms of a buy-back agreement under Section 257C(1) or Section 257D(1) of the Corporations Act; (d) RIS or a Subsidiary of RIS issues shares (other than shares issued through the exercise of the outstanding options or conversion of the convertible unsecured notes, refer to Section 6.5), or grants an option over its shares or agrees to make such an issue or grant such an option; (e) RIS or a Subsidiary of RIS issues, or agrees to issue, convertible notes; (f) RIS or a Subsidiary of RIS disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property; (g) RIS or a Subsidiary of RIS charges, or agrees to charge, the whole or a substantial part, of its business or property; (h) RIS or a Subsidiary of RIS resolves that it be wound up;
Rights	All accretions, rights or benefits of whatever kind attaching to or arising from RIS Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared or paid by RIS or any of its Subsidiaries;
Relevant Interest	Has the meaning given in sections 608 and 609 of the Corporations Act.
RIS	Richfield International Limited (ACN 103 306 403).
RIS Share	A fully paid ordinary share in the capital of RIS.
RIS Shareholder	A registered holder of RIS Shares.
Security	Has the meaning given in Section 92 of the Corporations Act.
Trading Day	Has the meaning given in the ASX Listing Rules.
Voting Power	Has the same meaning given to that term in section 610 of the Corporations Act.
VWAP	Volume weighted average price.

9.2. Interpretation

In this Bidder's Statement, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a person in this Bidder's Statement or any other document or agreement includes its successors and permitted assigns;
- (c) a reference to a gender includes any gender;
- (d) a reference to an item in a Section, Schedule, Annexure or Appendix is a reference to an item in the section of or schedule, annexure or appendix to this Bidder's Statement and references to this Bidder's Statement include its schedules and any annexures;
- (e) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (f) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a governmental agency;
- (g) headings are included for convenience only and do not affect interpretation;
- (h) a reference to a document or agreement including this Bidder's Statement, includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (i) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (j) the terms included, including and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (k) a reference to a statute or statutory provision includes but is not limited to:
 - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
 - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
 - (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (l) reference to \$, A\$, Australian Dollars or dollars is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia;
- (m) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

10. Approval of Bidder's Statement

This Bidder's Statement has been approved by a unanimous resolution of the directors of Mercantile OFM.

Dated 11 August 2016

Signed for and on behalf of Mercantile OFM Pty Limited


Ron Brierley
 Chairman

Annexure A
Announcement regarding Offer



TAYLOR COLLISON

Sharebrokers and Investment Advisers
www.taylorcollison.com.au

11 August 2016

The Company Announcements Platform
ASX Limited

For immediate release to the market

ON MARKET TAKEOVER BID FOR RICHFIELD INTERNATIONAL LIMITED BY MERCANTILE OFM PTY LIMITED

Unconditional Cash Offer

Taylor Collison Limited (**Taylor Collison**) announces that it will, on behalf of Mercantile OFM Pty Limited (ACN 120 221 623) (**Mercantile OFM**), a wholly owned subsidiary of Mercantile Investment Company Limited (**MVT**), pursuant to section 635 of the *Corporations Act 2001* (Cth) (**Act**), offer to acquire on market for \$0.34 per Target share (**Offer Price**) all of the fully paid ordinary shares in Richfield International Limited ABN 31 103 306 403 (**Target**) which are listed for quotation on the official list of the Australian Securities Exchange (**ASX**) that exist or will exist at any time during the Offer Period (defined below) and that are not already owned by Mercantile OFM and its associates (**Offer**).

Taylor Collison will buy Target shares on market at the Offer Price from the date and time of this announcement until the close of trading on ASX on 26 September 2016 (unless the Offer is withdrawn or extended in accordance with the Act).

Key features of the Offer

The Offer is an on-market bid and therefore unconditional with payment of consideration in cash. The key features of the Offer are:

- it is an on-market unconditional offer of \$0.34 per Target share;
- Cash payment will be made on a T + 2 basis;
- Taylor Collison will accept, on behalf of Mercantile OFM, all Target shares offered to it at the Offer Price from today until the conclusion of the Offer Period; and
- the Offer Period may be extended in accordance with the Corporations Act. The Offer Price is first and final and will not be increased.

Acquisition of Target shares before Offer Period

From the time of this announcement and ending at the close of trading on ASX on 26 September 2016 (unless the Offer is withdrawn or extended in accordance with the Act), Taylor Collison will accept, on behalf of Mercantile OFM, every Target share offered to it on market at the Offer Price.

Under the Offer Taylor Collison will purchase up to a maximum of 45,983,178 Target shares (being all of the Target shares not already owned by Mercantile OFM and its associates) plus any additional Target shares issued and quoted on ASX during the Offer Period.

Payment for Target Shares and brokerage

Payment for Target shares will be made on a T+2 basis in accordance with the usual rules for settlement of transactions which occur on market with ASX.

As the Offer will be capable of acceptance only by holders of Target shares selling through brokers who are participants of ASX, all Target shares to be purchased by Mercantile OFM will be purchased on market only during official ASX trading days.

Any brokerage charged by brokers acting for holders of Target shares wishing to sell their Target shares will be the sole responsibility of the Target shareholders. Mercantile OFM will bear its own brokerage costs, if any, on any purchases of Target shares made on market.

Offer Period

Taylor Collison will stand in the market on behalf of Mercantile OFM and accept Target shares offered to it at the Offer Price from the date and time of this announcement. However, the Offer will be made during the period commencing 26 August 2016 (being the first trading day after the end of 14 days after the date of this announcement) and ending on 26 September 2016 (Offer Period), unless extended by Mercantile OFM under the Corporations Act.

Bidder's Statement

In accordance with section 635 of the Act, a Bidder's Statement will today be served on Target. Copies of the Bidder's Statement will also be sent to ASX and lodged with the Australian Securities and Investments Commission (**ASIC**). A copy of the Bidder's Statement will be sent to holders of Target shares before the commencement of the Offer Period.

Variation of Offer

The Offer Period may be extended in accordance with the Act. *The **Offer Price is first and final** and will **not** be increased.*

At any time before the end of the Offer Period, Mercantile OFM reserves the right to withdraw, or to make an application to ASIC to withdraw, unaccepted Offers, to the extent permitted by the Act.

Target shares

The Target shares the subject of the Offer are fully paid ordinary shares in the capital of the Target, which are currently on issue, and any other Target shares that are issued before the end of the Offer Period.

Immediately prior to the making of this announcement:

- (a) as far as Mercantile OFM is aware, Target had a total of 62,896,810 Target shares on issue; and
- (b) Mercantile OFM and its associates had a relevant interest in 16,913,632 Target shares representing approximately 26.89% of the total number of Target shares.

Signed for and on behalf of Taylor Collison



Hamish Nairn

Director of Taylor Collison Limited