



4 October 2012

Company Announcements Office  
ASX Limited  
Level 8, Exchange Plaza  
2 The Esplanade  
Perth WA 6000

### **Notice of Despatch of Bidder's Statement and Target's Statement**

We refer to the bidder's statement lodged by IMC Resources Holdings Pte Ltd (**IMC**) with ASIC on 27 September 2012 (**Bidder's Statement**) in respect of the offer by IMC to acquire all of the units of LinQ Resources Fund (ARSN 108 168 190) (**LRF**) that it does not currently own.

For the purposes of section 633(1) item 8 of the *Corporations Act 2001* (Cth) (**Act**), IMC gives notice that a copy of the Bidder's Statement together with a copy of the Target's Statement has been despatched to each person who was the holder of units in LRF as at 7.00pm on 27 September 2012 (**LRF Unitholders**). The date of the offers is 3 October 2012.

Enclosed is a copy of the Bidder's Statement and the Target's Statement despatched to the LRF Unitholders.

Signed under a power of attorney  
for and on behalf of  
**IMC Resources Holdings Pte Ltd**

A handwritten signature in black ink that reads 'Michael Chye'.

Mr Michael Chye  
Managing Director  
IMC Investments Group

**IMC RESOURCES HOLDINGS PTE. LTD.**

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Singapore 038987

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# BIDDER'S STATEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL OR OTHER PROFESSIONAL ADVISER AS SOON AS POSSIBLE.

BIDDER'S STATEMENT FOR A **RECOMMENDED CASH OFFER** BY IMC RESOURCES HOLDINGS PTE LTD.

IN RELATION TO AN OFF-MARKET BID TO ACQUIRE ALL OF YOUR FULLY PAID UNITS IN LINQ RESOURCES FUND (ARSN 108 168 190) FOR \$0.70 PER UNIT.

**THE INDEPENDENT DIRECTORS OF LINQ CAPITAL AS RESPONSIBLE ENTITY OF THE LINQ RESOURCES FUND UNANIMOUSLY RECOMMEND YOU ACCEPT THE OFFER SUBJECT TO THERE BEING NO SUPERIOR PROPOSAL.**

THE OFFER IS DATED 3 OCTOBER 2012 AND WILL CLOSE AT 7:00PM (SYDNEY TIME) ON 5 NOVEMBER 2012, UNLESS EXTENDED OR WITHDRAWN.

**LINQ**  
RESOURCES

# TARGET'S STATEMENT

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONTACT YOUR BROKER, FINANCIAL ADVISER OR LEGAL ADVISER IMMEDIATELY.

## LINQ RESOURCES FUND

LINQ CAPITAL LIMITED (ACN 098 197 258) AS RESPONSIBLE ENTITY OF THE LINQ RESOURCES FUND (ARSN 108 168 190).

THIS TARGET'S STATEMENT HAS BEEN ISSUED IN RESPONSE TO THE OFF-MARKET TAKEOVER BID MADE BY IMC RESOURCES HOLDINGS PTE LTD (A COMPANY INCORPORATED IN SINGAPORE) FOR ALL OF THE UNITS IN THE LINQ RESOURCES FUND.

YOUR INDEPENDENT DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU **ACCEPT THE OFFER** IN THE ABSENCE OF A SUPERIOR PROPOSAL.

FINANCIAL ADVISER  
FOR IMC RESOURCES HOLDINGS PTE LTD



LEGAL ADVISER  
FOR IMC RESOURCES HOLDINGS PTE LTD

**HARDY BOWEN**  
LAWYERS

FINANCIAL ADVISER  
FOR LINQ CAPITAL



LEGAL ADVISER  
FOR LINQ CAPITAL

**Freehills**



***This document is important and requires your immediate attention.***

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

# **Bidder's Statement**

for a

## **RECOMMENDED CASH OFFER**

by

**IMC Resources Holdings Pte Ltd**

**to acquire all of your fully paid units in**

**LinQ Resources Fund**

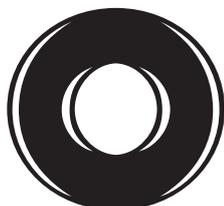
(ARSN 108 168 190)

**for \$0.70 per unit**

**The Independent Directors of LinQ Capital Limited (the responsible entity of LinQ Resources Fund) unanimously recommend you ACCEPT THE OFFER subject to there being no Superior Proposal**

The Offer is dated 3 October 2012 and will close at 7:00pm (Sydney time) on 5 November 2012, unless extended or withdrawn.

Financial Adviser



MACQUARIE

Legal Adviser

**HARDY ♦ BOWEN**  
LAWYERS

## IMPORTANT INFORMATION

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with this document, please consult your financial or other professional adviser. You should read the contents of this Bidder's Statement in its entirety.

### Key Dates

Announcement of Offer	13 September 2012
Bidder's Statement lodged with the ASIC and date of Bidder's Statement	27 September 2012
Offer Opens	3 October 2012
Offer Closes (unless withdrawn or extended)*	5 November 2012

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

### Bidder's Statement

The Offer in this Bidder's Statement is given by IMC Resources Holdings Pte Ltd (**Bidder** or **IMC**) under Part 6.5 of the Corporations Act and includes certain disclosures required by the Corporations Act together with the terms of the Offer to acquire your LRF Units.

A copy of this Bidder's Statement was lodged with ASIC on 27 September 2012. Neither ASIC nor any of its officers take any responsibility for the content of this Bidder's Statement.

### Defined terms

Unless the contrary intention appears, the context requires otherwise or words are defined in Section 9, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Unless otherwise indicated, all references to Sections are references to sections of this Bidder's Statement.

### Investment advice

The information in this Bidder's Statement is general information only and does not take into account your individual objectives, financial situation or needs. You should consider whether the information in this Bidder's Statement is appropriate for you in light of your objectives, financial situation and needs. Accordingly, before making a decision whether or not to accept the Offer, you may wish to consult with your professional adviser.

### Forward looking statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. Any such forward looking statements relate to future matters and are subject to various inherent risks and uncertainties. Actual events or results may differ materially from the events or results

expressed or implied by any forward looking statements.

None of the members of the IMC Group, any of their directors or 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 (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

### Information regarding LRF and LinQ Fund Group

The information contained in this Bidder's Statement on LRF, LRF Units and the LinQ Fund Group has been prepared using publicly available information.

Subject to the Corporations Act, none of the members of the IMC Group or their directors or officers makes any representation or warranty, express or implied, as to the accuracy or completeness of such information. The information on LRF or LinQ Fund Group in this Bidder's Statement should not be considered comprehensive.

### Notice to foreign security holders

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

### Privacy statement

IMC has collected your information from the LRF register of members for the purpose of making the Offer. The type of information IMC has collected about you includes your name, address, contact details and information on your unit holding in LRF. Without this information, IMC would be hindered in its ability to carry out the Offer. The Corporations Act requires the name and address of unitholders to be held in a public register. Your information may be disclosed on a confidential basis to IMC's Associates or their Representatives (such as Computershare Investor Services Pty Limited and providers of print and mail services), and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by IMC or Computershare Investor Services Pty Limited, please contact them at the addresses in the Corporate Directory section of this Bidder's Statement.

### Key contacts

#### *LRF Offer Information Line*

If you have any questions in relation to the Offer, please call the LRF Offer Information Line on the following numbers between 9.00am and 5.00pm (Sydney time) Monday to Friday:

Within Australia: 1300 551 627  
Outside Australia: +61 2 8280 7709

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## LETTER FROM IMC

Dear LRF Unitholder

### RECOMMENDED TAKEOVER OFFER

On behalf of IMC, I am pleased to present you with this Bidder's Statement detailing the offer by IMC to acquire all of your units in LRF for \$0.70 cash per LRF Unit.

IMC is part of the IMC Group, a privately owned, Singapore-headquartered organisation with business interests in various sectors including investments, industries and lifestyle/real estate. In Australia, the IMC Group has significantly invested in companies with interests/operations in iron ore, coal, gold and oil and gas.

The IMC Group has been an investor in LRF since it listed on ASX in January 2005 and IMC currently holds 17.48% of the issued LRF Units (or 27.68% of the issued LRF Units, excluding the Treasury Units).

The Independent Directors<sup>1</sup> of LinQ Capital have unanimously recommended that you accept the Offer in the absence of a Superior Proposal. All of the LinQ Capital Directors have confirmed their intention to accept the Offer for the LRF Units they own or control within 10 Business Days from the Offer opening, in the absence of a Superior Proposal. Further, LinQ Capital has advised that LinQ Capital 2, which holds 36.87% of LRF Units on issue, intends to accept the Offer within 3 weeks after the opening of the Offer, in the absence of a Superior Proposal.

### Offer provides a substantial premium for your LRF Units

Under the Offer, accepting LRF Unitholders will be paid \$0.70 cash for each LRF Unit they hold, subject to the satisfaction of the Bid Conditions. The Offer price represents a:

- 38.6% premium to the closing price of LRF Units on ASX on 7 September 2012 (\$0.505); and
- 39.2% premium to the 5 day VWAP of LRF Units on ASX up to and including 7 September 2012 (\$0.503).

### Benefits of the Offer

IMC believes that the Offer is compelling and provides a number of benefits to you, including:

- the Offer provides a substantial premium for your LRF Units to the recent trading prices of LRF Units prior to the announcement of the Offer;
- in the opinion of IMC, the Offer will deliver a superior outcome for LRF Unitholders than the delisting proposal that had been previously proposed to attempt to address the discount to NTA at which LRF Units trade on ASX;
- the cash consideration under the Offer provides price certainty for your LRF Units;
- the Offer provides you with the opportunity to realise your investment in the LRF Units by providing a cash liquidity event for all of your LRF Units;
- if you accept the Offer, there is no brokerage payable on the LRF Units you tender into the Offer; and
- no Superior Proposals have emerged as at the date of this Bidder's Statement.

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<sup>1</sup> LinQ Capital has advised that the Independent Directors comprise Messrs Camarri, Lattimore and Fariss. Messrs Donner and Procter, as executives of the investment manager are potentially personally interested in the outcome of the Offer, have declined to make a recommendation in relation to the Offer.

### **How to accept the Offer**

Please carefully read this Bidder's Statement. The Offer is subject to a number of Bid Conditions, including IMC obtaining sufficient acceptances under the Offer to enable it to exercise the right of compulsory acquisition under the Corporations Act. The full terms and conditions of the Offer are in Section 8 of this Bidder's Statement.

I encourage you to accept the Offer as soon as possible. The Offer is scheduled to close at 7.00pm (Sydney time) on 5 November 2012, unless extended or withdrawn. To accept the Offer, please follow the instructions in the accompanying Acceptance Form.

If you require any assistance, please contact the LRF Offer Information Line on 1300 551 627 (for callers within Australia) or +61 2 8280 7709 (for callers outside Australia) between 9.00am and 5.00pm (Sydney time) Monday to Friday.

Thank you for your consideration of this Offer. I look forward to receiving your acceptance.

Yours sincerely

A handwritten signature in black ink that reads "Michael Chye". The signature is written in a cursive style with a long horizontal flourish underneath the name.

**Michael Chye**  
Managing Director  
IMC Investments Group

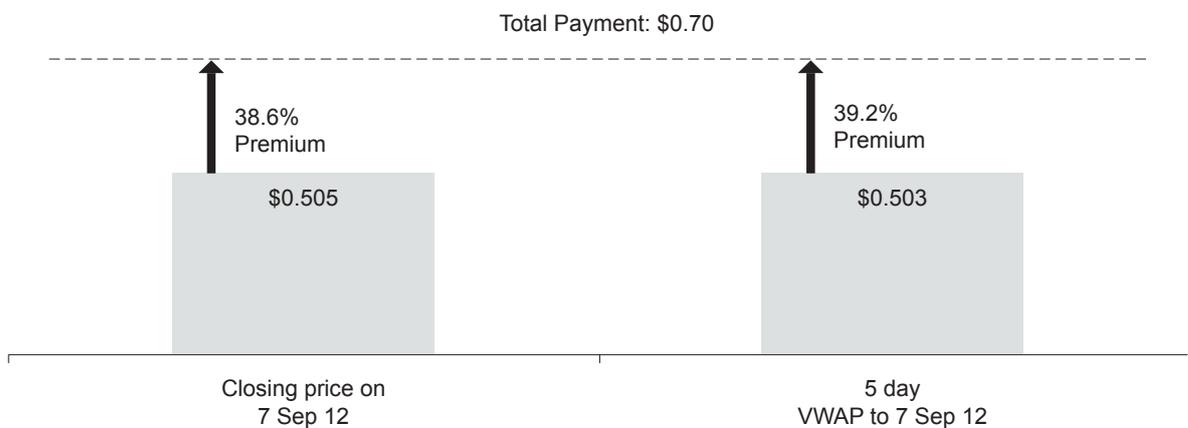
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## WHY YOU SHOULD ACCEPT THE OFFER

### 1. The Offer provides a substantial premium to the recent trading prices of LRF Units prior to the announcement of the Offer

The Offer price of \$0.70 per LRF Unit represents a:

- (a) 38.6% premium to the closing price of the LRF Units on ASX on 7 September 2012 (\$0.505); and
- (b) 39.2% premium to the 5 day VWAP of the LRF Units on ASX up to and including 7 September 2012 (\$0.503).



Source: IRESS. IRESS has not consented to the use of any trading data in this Bidder's Statement.

### 2. The Offer delivers a superior outcome to the Delisting Proposal

A proposal to delist LRF from ASX was announced to the market on 10 August 2012 and 22 August 2012 (**Delisting Proposal**) following the sustained underperformance of the LRF Unit price relative to its monthly reported NTA. As part of the Delisting Proposal, LRF Unitholders would be provided with an initial and possible annual opportunity to redeem a portion of their investment and LinQ Capital would also endeavour to facilitate a secondary market of LRF Units by introducing parties who have expressed an interest to buy or sell their LRF Units.

Under the Delisting Proposal, the opportunity to redeem units for cash is limited, with a maximum of 20% of LRF's NTA being available for redemption on implementation of the proposal and a maximum of 10% of NTA available for redemption per annum thereafter.

In the opinion of IMC, the Offer represents a superior outcome to the Delisting Proposal. Section 6.13 of the Target's Statement discloses that the Independent Directors also consider the Offer to be superior to the Delisting Proposal.

The meeting of LRF Unitholders to consider the Delisting Proposal and the date for acceptance of the redemption offer has been postponed to a date after the close of the Offer.

**3. The Offer is unanimously recommended by the Independent Directors of LinQ Capital in the absence of a Superior Proposal**

The Independent Directors have considered the Offer and unanimously recommended the Offer to LRF Unitholders, in the absence of a Superior Proposal.

Please refer to the Target's Statement for further detail on the recommendation of the Independent Directors.

**4. The Offer provides price certainty for your LRF Units and will not incur any brokerage costs**

If you accept the Offer and it becomes, or is declared, unconditional, you will be paid \$0.70 cash for each of your LRF Units. The Offer provides certainty of value by delivering cash consideration for your LRF Units at a fixed price per unit. IMC believes this is particularly attractive in a volatile and uncertain environment.

The certainty provided by being paid cash consideration under the Offer should be compared with the risks and uncertainties associated with remaining a LRF Unitholder including:

- (a) LRF's uncertain earnings profile;
- (b) illiquidity risk of the LRF Units;
- (c) commodities price risk;
- (d) equity market risk; and
- (e) geological, exploration and development risks of LRF's interests.

If you accept the Offer and the Offer becomes, or is declared, unconditional, you will:

- (a) be paid \$0.70 cash for each of your LRF Units;
- (b) not incur any brokerage fees which would otherwise likely incur if you sell your LRF Units on market; and
- (c) be sent payment for your LRF Units via a cheque mailed to you within 7 days of the Offer becoming unconditional or you accepting the Offer, whichever is the later.

**5. The future trading price of LRF Units is uncertain and may fall if the Offer is not successful**

The trading price of your LRF Units will continue to be subject to market volatility, including general stock market movements, general economic conditions and the demand for listed securities.

Although there are many factors that may influence the price of LRF Units on ASX, if the Offer does not succeed, there is a risk that the price of LRF Units may fall to a lower price than the price at which they have traded since the Offer was announced on 13 September 2012.

**6. No Superior Proposal has emerged**

No Superior Proposal has emerged during the period between the announcement of the Offer on 13 September 2012 and the date of this Bidder's Statement.

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IMC currently holds 17.48% of the LRF Units on issue (or 27.68% of the LRF Units excluding the Treasury Units), therefore, any alternative proposal seeking to acquire 100% of LRF would need IMC's support.

## 1. Summary of the Offer

The information in this Section 1 is a summary of the Offer and is qualified by the information elsewhere in this Bidder's Statement. It is not intended to be comprehensive and you should read the entire Bidder's Statement and Target's Statement before deciding whether to accept the Offer.

### 1.1 What is the Offer?

IMC is offering to buy all of the LRF Units which it does not currently own for \$0.70 cash per LRF Unit on the terms in this Bidder's Statement.

You may only accept the Offer in respect of all the LRF Units that you hold.

### 1.2 Who is IMC?

IMC is part of the IMC Group, a privately owned, Singapore-headquartered organisation with business interests in various sectors including investments, industries and lifestyle/real estate. In Australia, the IMC Group has significantly invested in companies with interests/operations in iron ore, coal, gold and oil and gas.

The IMC Group has been an investor in LRF since it listed on ASX in January 2005 and IMC currently holds 17.48% of the issued LRF Units (or 27.68% of the issued LRF Units, excluding the Treasury Units).

### 1.3 What will I receive if I accept the Offer?

If you accept the Offer, subject to the Bid Conditions being fulfilled or waived, you will be paid \$0.70 cash per LRF Unit.

### 1.4 How does the Offer price compare to the NTA of LRF Units?

The Offer represents a discount of 26.3% to the reported NTA of \$0.95 per LRF Unit as at 31 August 2012. IMC considers that this discount is not unreasonable given the lack of liquidity of LRF's investment portfolio and the current uncertainty in global commodity and equity markets. Accordingly, the potential realisation of value from these investments is uncertain.

The LRF Unit price has historically traded at a much larger discount to NTA. Over the 6 month period prior to the date of this Bidder's Statement, the average discount of the LRF Unit price to NTA was greater than 40%.

Whilst the Offer represents a discount to LRF's reported NTA, it does represent a substantial premium of 39.2% to the closing price and 5 day VWAP of the LRF Units on the ASX up to and including 7 September 2012.

### 1.5 What Bid Conditions are attached to the Offer?

The Offer is subject to the Bid Conditions in Section 8.5. These Bid Conditions include, without limitation:

- (a) IMC satisfying the requirements in section 661A of the Corporations Act to enable IMC to exercise its rights of compulsory acquisition;
- (b) LinQ Capital 2 accepting the Offer in respect of the Treasury Units within 3 weeks after the opening of the Offer;

- 
- (c) there being no materially adverse regulatory actions taken to restrain, prohibit or impede the Offer;
  - (d) IMC obtaining FIRB Approval;
  - (e) no 'material adverse change' in relation to LRF which results in LRF being unable to operate as an investment fund or LinQ Capital being unable to operate as the responsible entity of LRF;
  - (f) no 'prescribed occurrences' occurring; and
  - (g) between the BIA Date and the end of the Offer Period:
    - (i) the S&P/ASX 300 Resources Index not closing below 3504 for 3 consecutive trading days; and
    - (ii) the NTA per LRF Unit not falling below \$0.765.

The above is a summary only and full details of all the Bid Conditions are in Section 8.5.

#### **1.6 What happens if the Bid Conditions are not satisfied?**

If the Bid Conditions are not fulfilled or waived, then the Offer will lapse and your acceptance will be void. You will continue to hold your LRF Units and be free to deal with your LRF Units as if the Offer had not been made.

#### **1.7 When does the Offer close?**

The Offer is scheduled to close at 7:00pm (Sydney time) on 5 November 2012 unless it is extended or withdrawn in accordance with the Corporations Act.

#### **1.8 What choices do I have as a LRF Unitholder?**

As a LRF Unitholder, you have the following choices in respect of your LRF Units:

- (a) accept the Offer;
- (b) sell your LRF Units on ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or
- (c) do nothing.

#### **1.9 What is LinQ Capital Directors' recommendation?**

As detailed in the Target's Statement, the Offer is unanimously recommended by the Independent Directors. Each member of the LinQ Capital Board has agreed to accept the Offer in respect of the LRF Units they hold or control within 10 Business Days from the Offer opening, in the absence of a Superior Proposal.

LinQ Capital has advised the Independent Directors comprise Messrs Camarri, Lattimore and Fariss. Messrs Donner and Procter, as executives of the investment manager are potentially personally interested in the outcome of the Offer, have declined to make a recommendation in relation to the Offer but will accept the Offer in respect of the LRF Units they hold or control within 10 Business Days from the Offer opening, in the absence of a Superior Proposal.

**1.10 How do I accept the Offer?**

To accept the Offer you should follow the instructions in Section 8.3 and on your personalised Acceptance Form.

**1.11 Can I accept the Offer for part of my holding?**

No, you may only accept the Offer for all of your LRF Units.

**1.12 When will I be paid?**

If you accept the Offer (and return any document required with your acceptance), you will be paid the consideration for your LRF Units on or before the later of:

- (a) 7 days after the date the Offer becomes or is declared unconditional; and
- (b) 7 days after the date you accept the Offer if the Offer is, at the time of your acceptance, unconditional.

Section 8.7 includes further details on when you will be sent your consideration.

**1.13 Will I need to pay brokerage if I accept the Offer?**

No, you will not pay brokerage if you accept the Offer.

**1.14 What happens if I do not accept the Offer?**

Subject to the explanation below, you will remain the holder of your LRF Units if you do not accept the Offer.

If you do not accept the Offer and IMC obtains sufficient acceptances under the Offer so that it becomes entitled to exercise the right of compulsory acquisition under the Corporations Act and the other Bid Conditions are fulfilled or waived, IMC intends to proceed to compulsorily acquire all outstanding LRF Units. You will be paid the consideration for your LRF Units sooner if you accept the Offer rather than having your LRF Units compulsorily acquired.

If the Offer becomes or is declared unconditional but IMC does not become entitled to compulsorily acquire your LRF Units under the Corporations Act, unless you sell your LRF Units, you will remain a unitholder in LRF.

In these circumstances and, depending on the level of acceptances under the Offer, you may be a minority LRF Unitholder in what may be a less liquid stock. Refer to Section 4.3 for IMC's intentions in the event that IMC acquires control of LRF but does not acquire 100% of LRF Units.

**1.15 If I do not accept the Offer, can I sell my LRF Units on market?**

Yes, but you may incur brokerage costs if you do so.

**1.16 What are the taxation implications of accepting the Offer?**

Section 6 includes an overview of the taxation implications of accepting the Offer. IMC recommends you seek independent professional advice in relation to your own circumstances.

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## **1.17 Where to go for further information**

For queries on how to accept the Offer, refer to Section 8.3 and the accompanying Acceptance Form.

For all queries in relation to the Offer, please contact the LRF Offer Information Line on 1300 551 627 (for callers within Australia) or +61 2 8280 7709 (for callers outside Australia) between 9.00am and 5.00pm (Sydney time) Monday to Friday.

## 2. Information on IMC and the IMC Group

### 2.1 IMC

IMC was incorporated in Singapore in January 2011 and is wholly owned subsidiary (via interposed entities) of IMC Pan Asia Alliance Corporation (**IMC Pan Asia**), a company incorporated and registered in the British Virgin Islands.

IMC Pan Asia is the ultimate holding company of IMC group of companies (**IMC Group**) with interests in a variety of international business sectors.

Mr Michael Chye is the Managing Director of the IMC Investments Group and head of the corporate office of IMC Pan Asia. Mr Chye has more than 25 years' experience in accounting, finance and investments having worked in academia, government and multinational companies.

The directors of IMC are as follows:

(a) Ms Tai Sook Yee

Ms Tai Sook Yee is a Certified Public Accountant from the Malaysia Institute of Certified Public Accountants and is a member of the Malaysia Institute of Accountants. She possesses more than 25 years of working experience and has more than 15 years in senior management positions, the last being the country director of CEMEX Malaysia. She started her career with KPMG, including two years with KPMG in New York, before joining an investment bank and a publicly listed entity in Malaysia, where she was engaged in various finance, governance, investments and corporate activities.

Ms Tai is currently the Group Managing Director of IMC Industrial Group and a non-executive director of Atlas Iron Limited (ASX Code: AGO) and was formerly a non-executive director of LinQ Capital until July 2012.

(b) Ms Rosseana Wong

Ms Rosseana Wong holds a Master of Business Administration degree from Griffith University, Australia. She has more than 20 years' management experience in the field of Human Resources in Asia. She joined the IMC Group in 1996 and is currently holding the position of Head of Chairman's Office. Before that, she was Head of Group People and Organization, responsible for the overall development of management of Human Resources function of the Group. Ms Wong was previously with the Hong Kong Shui On Group for more than 10 years. She led the Human Resources function of the Construction and Construction Materials Groups in her last position as Senior Manager - Human Resources.

### 2.2 IMC Group

The IMC Group's main business activities are as follows:

- (a) *Investments*: managing a portfolio of global investments which includes listed equities, fixed income and private equity holdings (**IMC Investments Group**);
- (b) *Industries*: supply chain solutions provider with interests in maritime and shipping, which includes shipping and logistics, ports and terminals, trading,

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ship management and design services, shipyards, marine offshore and engineering businesses; and

- (c) *Real Estate*: ownership interests in residential, commercial and lifestyle real estate in South East Asia and China.

Currently headquartered in Singapore, the IMC Group also has offices in China, Thailand, Malaysia, Indonesia and Australia, as well as representative offices in Japan, Korea, Hong Kong, India and the Philippines.

In Australia, the IMC Group currently has a portfolio of investments in the mining and energy sectors.

The IMC Group's significant Australian investments are:

- (a) a holding of 17.48% of the LRF Units;
- (b) a holding of 7.38% of the issued share capital in Atlas Iron Limited (ASX code: AGO);
- (c) a holding of 9.29% of the issued share capital in Millennium Minerals Limited (ASX code: MOY);
- (d) a holding of 14.71% of the issued share capital in Horizon Oil Limited (ASX code: HZN); and
- (e) convertible notes issued by Kairiki Energy Limited (ASX code: KIK).

The IMC Group is ultimately controlled by Mr Chavalit Tsao, a Thai national.

### **2.3 Where to find further information on the IMC Group**

Further information in relation to the IMC Group and its operations are available on its website [www.imcgroup.info](http://www.imcgroup.info).

### 3. Information on LRF and the LinQ Fund Group

#### 3.1 Disclaimer

The information in this Section 3 concerning LRF and the LinQ Fund Group has been prepared based on a review of publicly available information (which has not been independently verified by IMC, the IMC Group or their advisers). Subject to the Corporations Act, none of the members of the IMC Group and their directors or officers makes any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on LRF and the LinQ Fund Group in this Bidder's Statement should not be considered comprehensive.

Further information relating to LRF's business and the LRF Units is included in the accompanying Target's Statement.

#### 3.2 Overview of LRF

LRF is a registered managed investment scheme established pursuant to the LRF Constitution, which listed on ASX on 20 January 2005 under the code 'LRF'. LinQ Capital is the responsible entity of LRF.

LRF specialises in investments in a niche market of smaller to medium sized resources companies both in Australia and abroad, generally with market capitalisation below \$3 billion.

LRF invests in companies at all stages of development - from exploration through to production in a wide variety of mineral commodities, in particular (but not limited to) precious metals, base metals, bulk minerals (potash and iron ore) and energy (coal and gas).

Further information relating to LRF's investments is included in the accompanying Target's Statement.

#### 3.3 Directors of LinQ Capital

As at the date of this Bidder's Statement, LinQ Capital has five directors. They are:

<b>Director</b>	<b>Position</b>
Mr Bruno Camarri	Non-Executive Chairman
Mr Clive Donner	Managing Director
Mr Graham Fariss	Non-Executive Director
Mr Nicholas Lattimore	Non-Executive Director
Mr Richard Procter	Executive Director

LinQ Capital has advised IMC that it has determined:

- (a) Messrs Camarri, Lattimore and Fariss are independent directors for the purposes of the Offer; and

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- (b) Messrs Donner and Procter, as executives of the investment manager are potentially personally interested in the outcome of the Offer and accordingly are considered not to be independent directors for the purposes of the Offer.

### **3.4 Group structure of LinQ Fund Group**

LinQ Capital is the responsible entity of LRF and LinQ Management provides investment management services to LRF pursuant to the Investment Management Agreement.

LRF has a wholly owned subsidiary unit trust known as LinQ Resources Fund No.2 (**LRF2**). LinQ Capital No 2 is a wholly owned subsidiary of LinQ Capital and is the sole trustee of LRF2.

LRF2 was established by the LRF2 Trust Deed for the sole purpose of acquiring 67,640,071 LRF Units (**Treasury Units**) from former LRF Unitholders. The Treasury Units were acquired by LinQ Capital 2 (on behalf of LRF2) in March 2008 pursuant to the approval of LRF Unitholders obtained on 22 February 2008.

At the date of this Bidder's Statement, LRF2 holds 36.85% of the LRF Units on issue.

### **3.5 Publicly available information**

LRF is listed on ASX and is therefore obliged to comply with the continuous disclosure requirements of ASX.

The ASX Announcements made in relation to LRF between 30 June 2012 and the date of this Bidder's Statement are in Annexure A and may be accessed on the ASX website at [www.asx.com.au](http://www.asx.com.au).

Further information about the LinQ Group is available on LinQ Group's website at <http://www.linqresources.com>.

## 4. Intentions of IMC

### 4.1 Introduction

This Section 4 details the rationale for the Offer and IMC's intentions in relation to:

- (a) the continued operation of LRF as a managed investment scheme;
- (b) any major changes to be made to the operations of LRF, including any redeployment of LRF's property; and
- (c) the appointment of the Replacement Responsible Entity following the retirement of LinQ Capital as responsible entity of LRF.

These intentions are based on the information concerning LRF, its business and the general business environment which is known to IMC at the time of preparing this Bidder's Statement, which is limited to publicly available information.

Final decisions regarding these matters will only be made by IMC based on material information and circumstances at the relevant time. Accordingly, the statements in this Section 4 are statements of current intention only, which may change as new information becomes available to IMC or as circumstances change.

### 4.2 Intentions of IMC if it acquires 90% or more of LRF Units

This Section 4.2 details IMC's current intentions if the minimum acceptance condition in Section 8.5(a)(i) is satisfied and IMC becomes entitled to proceed to compulsory acquisition of outstanding LRF Units under the Corporations Act.

IMC's primary objective is to acquire 100% of LRF, delist LRF from the ASX and deregister LRF as a registered managed investment scheme under the Corporations Act. Thereafter, it is IMC's intention to retain LRF as a separate, wholly owned trust within the IMC investment portfolio while it undertakes a review of the portfolio as detailed in Section 0.

It is likely that there will be certain transitional arrangements required to effect the above objectives in order to satisfy the requirements of the Corporations Act. Those steps are outlined below:

#### (a) **Compulsory acquisition and delisting**

If it becomes entitled to do so, IMC intends to:

- (i) proceed with compulsory acquisition of the outstanding LRF Units in accordance with the provisions of Chapter 6A of the Corporations Act;
- (ii) at the conclusion of the compulsory acquisition process, arrange for LRF to be removed from the official list of ASX; and
- (iii) following the removal of LRF from the official list of ASX, commence the process of deregistering LRF as a registered managed investment scheme.

(b) **Intentions regarding assets and operations**

On deregistration of LRF as a registered managed investment scheme, it is IMC's intention to retain LRF as a separate, wholly owned trust within the IMC investment portfolio while it undertakes a detailed review of LRF's portfolio to determine its future strategy in regards to LRF's assets. This strategic review will consider each asset individually and as part of IMC's wider investment portfolio.

Except for the changes and intentions in this Section 4.2, IMC does not presently intend to redeploy any property of LRF.

(c) **Responsible entity and management arrangements**

In accordance with the terms of the Bid Implementation Agreement, once the Offer becomes unconditional (provided IMC has acquired a Relevant Interest in at least 50.1% of the LRF Units at such time) LinQ Capital must retire as responsible entity of LRF. For the purposes of section 601FL of the Corporations Act, LinQ Capital must call a meeting of LRF Unitholders to vote on a resolution to appoint a company nominated by IMC (**Replacement Responsible Entity**) to be the new responsible entity of LRF in place of LinQ Capital (**Retirement Resolution**).

The identity of the Replacement Responsible Entity has not yet been determined. However, IMC intends to engage an independent company with appropriate qualifications, experience and an Australian Financial Services License to act as the Replacement Responsible Entity. Further details of the Replacement Responsible Entity will be provided in the explanatory memorandum accompanying the notice of meeting to be issued by LRF in relation to the Retirement Resolution.

At the meeting of LRF Unitholders to consider the Retirement Resolution, IMC intends to vote all of the LRF Units it owns or controls in favour of the Retirement Resolution.

In conjunction with the appointment of the Replacement Responsible Entity as detailed above, it is intended that new management arrangements in relation to the management of LRF's investments will be established between the Replacement Responsible Entity and an entity which may be an Associate of IMC (subject to satisfying any requirements under the Corporations Act, LRF Constitution and Listing Rules (as applicable)). Further details in relation to the proposed management arrangements will be provided in the explanatory memorandum accompanying the notice of meeting to be issued by LRF in relation to the Retirement Resolution.

IMC's stated objective is to acquire 100% of LRF. The appointment of the Replacement Responsible Entity and the implementation of new management arrangements associated with that appointment are expected to be transitional arrangements which are a necessary part of the process of delisting and deregistering LRF as a registered managed investment scheme.

**4.3 Intentions of IMC if it acquires more than 50.1% but less than 90% of the LRF Units**

IMC has no present intention of waiving the Bid Condition in Section 8.5(a)(i) in relation to minimum acceptance, the Bid Condition in Section 8.5(a)(ii) in relation to LinQ Capital 2's acceptance of the Offer in respect of the Treasury Units or any other Bid Conditions. However, IMC reserves its right to declare the Offer free from any Bid

Conditions (including the Bid Conditions in Sections 8.5(a)(i) and 8.5(a)(ii)), except the Bid Condition in Section 8.5(a)(iv).

Notwithstanding the above, this Section 4.3 includes IMC's intentions if it were to declare the Offer free from the Bid Condition in Sections 8.5(a)(i) and/or the Bid Condition in Section 8.5(a)(ii) and IMC acquires more than 50.1% but less than 90% of the LRF Units. In such circumstances, IMC would not become entitled to compulsorily acquire any outstanding LRF Units under Part 6A.1 of the Corporations Act.

(a) **Responsible entity and management arrangements**

In the event IMC does declare the Offer free from any outstanding Bid Conditions and IMC acquires a Relevant Interest in more than 50.1% of the LRF Units at such time, the procedure for the appointment of the Replacement Responsible Entity and the alternative management arrangements in Section 4.2(c) will apply.

(b) **General operational review**

After the end of the Offer Period, IMC intends to propose to the Replacement Responsible Entity that an immediate, broad based review of LRF's assets be conducted on both a strategic and financial level and a review of the appropriateness of LRF's distribution policy and investment policy.

IMC intends, subject to the approval of the Replacement Responsible Entity, to participate in this review. IMC does not presently intend to redeploy any property of LRF.

(c) **Other intentions**

IMC reserves the right to, at some later time, acquire further LRF Units in a manner consistent with the Corporations Act and the LRF Constitution.

It is possible that, even if IMC is not entitled to proceed to compulsory acquisition of any outstanding LRF Units under Part 6A.1 of the Corporations Act, IMC may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act, for example, as a result of acquisitions of LRF Units pursuant to the '3% creep' exception in item 9 of section 611 of the Corporations Act. If so, IMC may exercise those rights of compulsory acquisition. Under this scenario, after completion of the compulsory acquisition of the outstanding LRF Units, IMC may review the ongoing suitability of LRF for listing on ASX and may implement the intentions in Section 4.2(a) to the extent possible.

#### **4.4 Intentions of IMC if it acquires less than 50.1% of the LRF Units**

IMC has no present intention of waiving the Bid Condition in Section 8.5(a)(i) in relation to minimum acceptance, the Bid Condition in Section 8.5(a)(ii) in relation to LinQ Capital 2's acceptance of the Offer in respect of the Treasury Units or any other Bid Conditions. However, IMC reserves its right to declare the Offer free from any Bid Conditions (including the Bid Conditions in Sections 8.5(a)(i) and 8.5(a)(ii)), except the Bid Condition in Section 8.5(a)(iv).

In circumstances where IMC does declare the Offer free from the Bid Conditions in Sections 8.5(a)(i) and 8.5(a)(ii) and IMC acquires less than 50.1% of the LRF Units, IMC may reassess its continued investment in LRF and depending on the outcome of its assessment, it may:

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- (a) continue to hold its interests in LRF (including any LRF Units acquired as a consequence of the Offer) in the ordinary course;
  - (b) dispose of its holding of interests in LRF (including any LRF Units acquired as a consequence of the Offer); or
  - (c) acquire additional LRF Units.

If IMC determines that it will continue to hold interests in LRF or acquire additional LRF Units, it may:

- (a) seek to convene a meeting of LRF Unitholders to seek to remove LinQ Capital as the responsible entity of LRF and appoint the Replacement Responsible Entity as the new responsible entity of LRF in place of LinQ Capital pursuant to section 601FM of the Corporations Act; and
- (b) in conjunction with the appointment of the Replacement Responsible Entity, establish new management arrangements in relation to the management of LRF's investments between the Replacement Responsible Entity and an entity which may be an Associate of IMC (subject to satisfying any requirements under the Corporations Act, LRF Constitution and the Listing Rules (as applicable)).

#### **4.5 Limitation on intentions**

The implementation of IMC's intentions in the event IMC acquires less than 100% ownership of LRF, will be subject to the Corporations Act, the Listing Rules and the LRF Constitution (as applicable), and to the obligations of the LinQ Capital Directors to act in the best interests of LRF and all LRF Unitholders.

IMC will only make a decision on its courses of action in these circumstances after it receives appropriate legal and financial advice on such matters where required, including in relation to any requirements for LRF Unitholder approval.

## **5. Sources of consideration for the LRF Units**

### **5.1 Maximum cash consideration under the Offer**

At the date of this Bidders Statement LRF has on issue 183,579,209 LRF Units (including the Treasury Units). In the event that IMC becomes entitled to exercise, and exercises, the right of compulsory acquisition under the Corporations Act, the maximum amount of cash consideration that would be payable by IMC to acquire the LRF Units in which it does not currently already have a Relevant Interest (including the Treasury Units) is approximately \$106 million.

### **5.2 Sources of consideration for the LRF Units under the Offer**

The consideration for the acquisition of the LRF Units under the Offer will be satisfied by the payment of cash from IMC's parent entity, IMC Group Holdings, from its cash reserves. Its existing cash reserves exceed an aggregate of the maximum cash consideration payable under the Offer and all transaction costs payable by IMC in relation to the Offer.

At the date of this Bidder's Statement, IMC Group Holdings has in excess of \$160 million in cash and cash equivalents. An amount of funds which is at least equal to \$106 million is available to IMC under an unconditional binding commitment between IMC Group Holdings and IMC on terms that:

- (a) will ensure that IMC is able to satisfy its payment obligations under the Offer as and when they fall due; and
- (b) do not provide for security interests or rights of set off.

The funds committed for IMC are not required for other arrangements or obligations of IMC Group Holdings.

These funds will be made available to IMC by way of a distribution, return or intercompany loan or a combination of these.

IMC is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to pay the consideration required to pay LRF Unitholders who accept the Offer together with amounts required to cover all transaction costs associated with the Offer.

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## **6. Australian Tax Considerations**

### **6.1 Introduction**

The following is a general description of the Australian income and capital gains tax (**CGT**) consequences to certain LRF Unitholders on disposing of their LRF Units (through acceptance of the Offer) in return for cash consideration. The Australian taxation consequences for LRF Unitholders will depend on their individual circumstances. LRF Unitholders should make their own enquiries and seek independent professional advice on their circumstances.

The information below is relevant only to those LRF Unitholders who hold their LRF Units as capital assets for the purpose of investment and who do not (or would not) hold those securities in connection with the conduct of a business. These comments relate to LRF Units only and not to options or other rights held over LRF Units.

Certain LRF Unitholders (such as those engaged in a business of trading or investment, those who acquired their LRF Units for the purpose of resale at a profit or those which are banks, insurance companies, tax exempt organisations or superannuation funds) will or may be subject to special or different tax consequences peculiar to their circumstances.

LRF Unitholders who are not resident in Australia for tax purposes should also take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of the disposal of LRF Units under the Offer.

### **6.2 Australian resident LRF Unitholders**

Acceptance of the Offer will involve the disposal by you of your LRF Units for Australian CGT purposes.

The disposal of LRF Units which are held on capital account will generally have CGT implications. Such disposal will constitute a CGT event for CGT purposes.

The date of disposal for CGT purposes will be the date the contract to dispose of the LRF Units is formed. If the Offer is accepted before Bid Condition in Section 8.5(a)(iv) (FIRB approval) is satisfied, the date the contract to dispose of the LRF Units is formed will be the date that FIRB approval is granted. If the Offer is accepted after Bid Condition in Section 8.5(a)(iv) is satisfied, the date the contract to dispose of the LRF Units is formed will be the date that the Offer is accepted.

If a LRF Unitholder does not dispose of their LRF Units under the Offer and their LRF Units are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those LRF Unitholders will also be treated as having disposed of their LRF Units for CGT purposes. The date of disposal for CGT purposes will be the date when IMC becomes the owner of the LRF Units.

Australian resident LRF Unitholders may make a capital gain or capital loss on the disposal of their LRF Units under the Offer.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. If so, that net capital gain is included in assessable income and is subject to income tax. However, a 'CGT Discount' may be available to reduce the taxable gain for certain LRF Unitholders (see further below).

Capital losses may not be deducted against other income for income tax purposes, but may be offset against capital gains realised in the same income year or be carried forward to be offset against future capital gains.

In general, a capital gain arising on the disposal of a LRF Unit under the Offer will be calculated on the basis of the difference between the capital proceeds of the disposal (ie, the cash consideration received from IMC) and the cost base of the LRF Unit. A capital loss will be calculated on the basis of the difference between the capital proceeds and the reduced cost base of the LRF Unit.

The cost base of LRF Units is generally their cost of acquisition or deemed cost of acquisition. Certain other incidental costs associated with acquisition and disposal, such as brokerage or stamp duty (that are not deductible to the LRF Unitholder), may be added to the cost base. The cost base or reduced cost base may have been reduced by any 'tax deferred' or other non-assessable distributions that you have received in respect of the LRF Units.

A LRF Unitholder who is an individual, complying superannuation entity or trustee of a trust, may claim a 'CGT Discount' if they acquired (or are deemed to have acquired) their LRF Units 12 months or more before the time of disposal. This means that:

- (a) in the case of an individual (and, generally speaking, a trustee of a trust), only one-half of their net capital gain on those securities (after deducting available capital losses) would be taxable; and
- (b) in the case of a complying superannuation entity, only two-thirds of their net capital gain on those securities (after deducting available capital losses) would be taxable.

However, the methodology for trustees is complex, and such LRF Unitholders should obtain specific advice in this regard, including in relation to the tax consequences of distributions attributable to discounted capital gains.

LRF Unitholders should note that any available capital losses must be deducted from the gross capital gain before the 'CGT Discount' is applied.

The 'CGT Discount' is not available to companies, nor does it apply to LRF Units owned (or deemed to be owned) for less than the relevant 12 month period.

### **6.3 Non-Australian resident LRF Unitholders**

The application of the Australian CGT rules to non-residents is a highly complex area of the law and we therefore recommend that non-Australian resident holders of LRF Units seek their own advice on the Australian CGT implications of a disposal of the LRF Units.

A LRF Unitholder who is not a resident of Australia for taxation purposes will not make a taxable capital gain on the disposal of LRF Units under the Offer unless their LRF Units are taxable Australian property.

Broadly, LRF Units held by a foreign resident should generally not be taxable Australian property unless:

- (a) both of the following requirements are satisfied:

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- (i) the foreign resident (together with its associates) holds 10% or more of the issued LRF Units or the foreign resident (together with associates) held a 10% or more interest in the issued LRF Units for a continuous 12 month period during the two years prior to the disposal of the LRF Units under the Offer; and
  - (ii) the total market value of LRF's direct and indirect interests in Australian real property assets (including any mining, quarrying or prospecting rights for minerals, petroleum or quarry minerals which are situated in Australia) is more than 50% of the total market value of LRF's assets;
- (b) the LRF Units were used at any time by the foreign resident in carrying on a business through a permanent establishment in Australia; or
  - (c) the foreign resident was previously a resident of Australia and chose to disregard a capital gain or loss on the LRF Units on ceasing to be a resident.

A LRF Unitholder that, together with its associates, owns, or has for any continuous 12 month period within 2 years owned, 10% or more of the issued LRF Units should obtain specific advice as to the tax implications of disposal, and whether any protection will be available under a relevant double tax treaty.

A foreign resident LRF Unitholder was previously a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident will be subject to Australian CGT consequences on disposal of the LRF Units as set out in Section 6.2.

#### **6.4 Stamp duty and goods and services tax (GST)**

No stamp duty or GST is payable by you on the sale of your LRF Units to IMC pursuant to the Offer.

## 7. Other Information

### 7.1 Bid Implementation Agreement

On 12 September 2012, IMC entered into the Bid Implementation Agreement with LinQ Capital. A full copy of the Bid Implementation Agreement was released to ASX on 13 September 2012 and is available at [www.asx.com.au](http://www.asx.com.au).

The key terms of the Bid Implementation Agreement are as follows:

#### (a) Exclusivity Arrangements

The Bid Implementation Agreement includes certain exclusivity arrangements in favour of IMC. In summary, LinQ Capital has agreed to the following exclusivity arrangements which apply during the Exclusivity Period:

- (i) **No shop** – LinQ Capital must not, and must ensure that that none of its Representatives, solicit any enquiries, discussions or proposals that may lead to a Competing Proposal;
- (ii) **No talk** – LinQ Capital must not, and must ensure that none of its Representatives, participate in any negotiations or discussions or provide information that may lead to a Competing Proposal unless the LinQ Capital Board determines in good faith, after receiving written advice from its external advisers, that failing to respond would be likely to be considered a breach of fiduciary or statutory duties owed by any member of the LinQ Capital Board;
- (iii) **Notice of unsolicited approaches** – if LinQ Capital is approached in relation to a Competing Proposal, LinQ Capital must notify IMC of any such approach, and provide certain details to IMC relating to the Competing Proposal; and
- (iv) **Matching right** – LinQ Capital is prohibited from entering into any agreement in connection with a Competing Proposal unless:
  - (A) LinQ Capital has provided IMC the material terms and conditions of the Competing Proposal, including the value of and identity of the person making the Competing Proposal; and
  - (B) LinQ Capital has given IMC at least 5 Business Days to provide a matching or superior proposal to the terms of the Competing Proposal.

The exclusivity arrangements are in clause 7 of the Bid Implementation Agreement.

#### (b) Break fee payable by LinQ Capital to IMC

LinQ Capital has agreed to pay IMC a Break Fee of \$800,000 (exclusive of GST, if any) in certain circumstances.

In summary, the Break Fee will be payable by LinQ Capital to IMC if:

- (i) during the Exclusivity Period, any Independent Director fails to recommend that LRF Unitholders accept the Offer in the absence of a

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Superior Proposal, except in circumstances where LinQ Capital has validly terminated the Bid Implementation Agreement as a result of a material breach by IMC and such breach is not remedied within 10 Business Days;

- (ii) during the Exclusivity Period, any LinQ Capital Director recommends that LRF Unitholders accept, vote in favour of or otherwise support a Competing Proposal announced during the Exclusivity Period;
- (iii) a Competing Proposal is announced during the Exclusivity Period and within 6 months of that announcement, a Third Party or any Associate of that Third Party:
  - (A) completes the Competing Proposal of a kind referred to in paragraphs (a) to (d) of the definition of Competing Proposal (excluding paragraph (a)(i)); or
  - (B) acquires (either alone or together with any Associate or Associates) a Relevant Interest in 50% or more of the LRF Units;
- (iv) LinQ Capital or any LinQ Capital Director does (or omit to do) anything which results in any of the Bid Conditions being breached or incapable of being fulfilled and IMC declares the Offer free of the breached Bid Condition (which IMC is under no obligation to do); or
- (v) during the Exclusivity Period, there is a material breach of the Bid Implementation Agreement by LinQ Capital and that breach is not remedied within 10 Business Days after IMC gives LinQ Capital written notice requesting the cessation of the breach.

(c) **Break fee payable by IMC to LinQ Capital**

IMC has agreed to pay LinQ Capital break fee of \$800,000 (exclusive of GST, if any) if there is a material breach of the Bid Implementation Agreement by IMC and that breach is not remedied within 10 Business Days after LinQ Capital gives IMC written notice requesting the cessation of the breach.

(d) **Conduct of LinQ Capital**

The Bid Implementation Agreement details in clauses 3.5 and 3.10 (amongst other things) the obligations of LinQ Capital from the BIA Date until the end of the Offer Period in relation to its conduct of business.

Broadly, LinQ Capital must and must procure that LRF and each other LinQ Fund Group Entity:

- (i) conduct their business in the usual and ordinary course and on the basis consistent with the manner in which their business was conducted immediately before the BIA Date;
- (ii) use reasonable endeavours to preserve and maintain the value of their business and assets, and their relationships with financiers, customers, suppliers, employees and others;
- (iii) not enter into any lines of business or other activities in which they were not engaged in at the BIA Date;

- (iv) shall not without prior consultation with IMC, undertake, or agree to undertake a transaction valued at greater than \$2 million, including acquisitions, disposal or the material modification of existing commitments. The obligation of LinQ Capital to consult with IMC is subject to the duties it has towards LRF Unitholders and at all times, the final decision in relation to the subject matter of the consultation will be made by LinQ Capital; and
- (v) shall not without prior written consent of IMC:
  - (A) enter into a corporate transaction that would likely involve a material change in the manner in which any LinQ Fund Group Entity conducts its business, the nature, extent or value of any LinQ Fund Group Entity's assets, or the nature, extent or value of the liabilities of the LinQ Fund Group; or
  - (B) enter into or renew any contract of service with any responsible entity, trustee, director or manager to make substantial change to the basis or amount of remuneration.
- (e) **Retirement of LinQ Capital as responsible entity and payment of the Termination Payment**

LinQ Capital has agreed that it will retire as responsible entity of LRF and call a meeting of LRF Unitholders to vote on the Retirement Resolution (being a resolution to appoint the Replacement Responsible Entity as responsible entity of LRF in place of LinQ Capital) at any time after the earlier to occur of:

- (i) if the Offer is unconditional, IMC acquiring a Relevant Interest in at least 50.1% of the LRF Units; and
- (ii) if IMC acquires a Relevant Interest in at least 50.1% of the LRF Units before the Offer becomes unconditional, the Offer becoming unconditional.

If the Retirement Resolution is passed, LinQ Capital will act in accordance with the Corporations Act and will take certain steps to vest control of LRF in the Replacement Responsible Entity.

On the date on which the Retirement Resolution is passed, LinQ Capital will terminate the Investment Management Agreement, and LinQ Management shall be paid, out of the assets of LRF, \$4,500,000 (plus any applicable GST) less:

- (i) any fees, amounts or other entitlements paid or payable (in each case excluding any applicable GST) directly or indirectly out of LRF or LRF2 to any member of the LinQ Group between the BIA Date and the date the termination payment is made,

but not less:

- (ii) any amounts for which LinQ Capital is entitled to be reimbursed in accordance with part 3 of schedule 5 of the LRF Constitution (being the responsible entity's cost reimbursement provisions) and which amounts are not paid to and retained by a member of the LinQ Group for their own benefit,

**(Termination Payment).**

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The Termination Payment is therefore, effectively, the amount of \$4,500,000 less any fees received or receivable by LinQ Management under the Investment Management Agreement between the BIA Date and the date the Termination Payment is made.

The Termination Payment is to compensate the members of the LinQ Group for all fees and other entitlements arising under or in connection with any documents or arrangements that they have with LinQ Capital in respect to LRF or LRF2, including the Investment Management Agreement.

Upon payment of the Termination Payment, each member of the LinQ Group will irrevocably and unconditionally release and discharge LinQ Capital and any Replacement Responsible Entity from all claims in respect of all fees and other entitlements arising under or in connection with any documents and arrangements with LinQ Capital. LinQ Capital will provide an equivalent release to all members of the LinQ Group.

Clauses 5.1 and 5.2 of the Bid Implementation Agreement detail the retirement obligations of LinQ Capital and the Termination Payment arrangement in relation to LinQ Capital. Refer to section 6.3 of the Target's Statement for further details of the Termination Payment arrangement.

## 7.2 Potential for waiver of Bid Conditions

The Offer is subject to a number of Bid Conditions in Section 8.5, including a minimum acceptance condition (see Section 8.5(a)(i)). Under the terms of the Offer and the Corporations Act, any or all of those Bid Conditions may be waived by IMC, except the Bid Condition in Section 8.5(a)(iv).

If an event occurs which results (or would result) in the non-fulfilment of a Bid Condition, IMC may not make a decision as to whether it will either rely on that non-fulfilment, or instead waive the Bid Condition, until the date for giving notice as to the status of the Bid Conditions under section 630(3) of the Corporations Act (see Section 8.6(d)). If IMC decides that it will waive a Bid Condition it will announce that decision to ASX in accordance with section 650F of the Corporations Act.

If any of the Bid Conditions are not fulfilled, and IMC decides to rely on that non-fulfilment, then any contract resulting from acceptance of the Offer will become void at (or, in some cases, shortly after) the end of the Offer Period, and the relevant LRF Units will be returned to the holder.

If the Bid Condition in Section 8.5(a)(iv) is not fulfilled, then no contract will result from acceptance of the Offer as that Bid Condition is a condition precedent and cannot be waived.

## 7.3 FIRB Approval

It is a Bid Condition (see Section 8.5(a)(iv)) that before the end of the Offer Period one of the following occurs:

- (a) the Treasurer of the Commonwealth of Australia (**Treasurer**) issues a notice stating that it does not object IMC acquiring 100% of the LRF Units under the Offer; or
- (b) the period provided under the FATA during which the Treasurer may make an order under FATA prohibiting the acquisition of LRF Units by IMC has elapsed, without such an order being made.

IMC is a foreign person for the purposes of FATA and none of the exemptions under FATA are considered to apply to IMC. Accordingly, IMC has filed an application, together with a detailed submission, with FIRB, requesting that the approval of the Treasurer be given in relation to the acquisition of LRF Units under the Offer. IMC is not aware of any reason why the requisite approval will not be forthcoming in due course.

## 7.4 Treasury Units

At the date of this Bidder's Statement, LinQ Capital 2 holds, on behalf of LRF2, the Treasury Units, which represent 36.85% of the issued LRF Units.

The Treasury Units were acquired by LinQ Capital 2 (on behalf of LRF2) in March 2008 pursuant to the approval of LRF Unitholders obtained on 22 February 2008. Refer to LRF's notice of general meeting dated 21 January 2008 for further details of the acquisition of the Treasury Units by LinQ Capital 2.

The Offer in this Bidder's Statement extends to the Treasury Units and the Treasury Units form part of the bid class under the Offer.

Prior to the execution of the Bid Implementation Agreement, IMC applied to ASIC for a declaration pursuant to section 669(1)(b) of the Corporations Act (**ASIC Relief**) for a modification or variation of section 661A(1)(b) of the Corporations Act so as to allow IMC to compulsorily acquire the LRF Units, if IMC and its Associates:

- (a) have Relevant Interests in at least 90% (by number) of the LRF Units, excluding the Treasury Units; and
- (b) have acquired at least 75% (by number) of the LRF Units, excluding the Treasury Units, under the Offer.

The Bid Implementation Agreement contemplated that the Offer would be conditional on IMC satisfying the thresholds set out above if ASIC Relief was granted, or alternatively, if ASIC Relief was not granted, the Offer would be conditional upon IMC satisfying the compulsory acquisition thresholds not excluding the Treasury Units.

The Bid Implementation Agreement also contemplated that the Offer would be conditional on either of the following events occurring within 3 weeks after the opening of the Offer:

- (a) IMC obtains the ASIC Relief; or
- (b) LinQ Capital 2 accepts the Offer in respect to the Treasury Units.

In preliminary discussions, ASIC advised IMC's Representatives that it was unlikely to grant the ASIC Relief as the outcome sought by the application could be achieved without the ASIC Relief, that is, through LinQ Capital 2 accepting the Offer in respect of the Treasury Units.

Accordingly, IMC, with the consent of LinQ Capital, has withdrawn the application for ASIC Relief and IMC and LinQ have amended the Bid Conditions so that they no longer refer to the ASIC Relief potentially being granted. Refer to Sections 8.5(a)(i) and 8.5(a)(ii) in relation to the minimum acceptance Bid Condition and acceptance of the Offer by LinQ Capital 2 in respect of the Treasury Units.

LinQ Capital has advised that LinQ Capital 2 intends to accept the Offer in relation to the Treasury Units within 3 weeks after the opening of the Offer, in the absence of a Superior Proposal.

## **7.5 Status and effect of Bid Conditions**

As at the date of this Bidder's Statement, IMC is not aware of any events or circumstances which would result in the non-fulfilment of any of the Bid Conditions in Section 8.5.

## **7.6 Information on interests and dealings in LRF Units**

### **(a) LRF Units on issue**

According to documents lodged by LinQ Capital on ASX, as at the date of this Bidder's Statement, the total number of securities on issue in LRF is 183,579,209 LRF Units. The LRF Units are quoted on ASX and may be freely traded.

LRF does not have any other classes of securities on issue other than the LRF Units.

### **(b) Relevant Interest in LRF Units and voting power**

As at the date of this Bidder's Statement, IMC has a Relevant Interest in 32,092,600 LRF Units, which is equivalent to a voting power of 17.48% in LRF (or 27.68% excluding the Treasury Units).

### **(c) Other acquisitions of LRF Units by IMC or IMC's Associates**

During the period of four months ending on the day immediately before the date of this Bidder's Statement, neither IMC nor any of its Associates has provided or agreed to provide consideration for a LRF Unit under a purchase or an agreement to purchase.

### **(d) IMC directors' interest in LRF Units**

No IMC director has an interest in LRF Units.

### **(e) Collateral benefits**

During the period of four months ending on the day immediately before the date of this Bidder's Statement, neither IMC nor any of its Associates has given, offered or agreed to give a benefit to any person where the benefit was likely to induce the other person, or an Associate, to:

- (i) accept the Offer; or
- (ii) dispose of LRF Units,

which benefit was not offered to all LRF Unitholders under the Offer.

### **(f) Escalation agreement**

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

## 7.7 ASIC modification

IMC has relied on the modification of section 636(3) of the Corporations Act in ASIC Class Order 01/1543 "Takeover Bid" to include references to certain statements which are made or based on statement made in documents lodged with ASIC or ASX. Pursuant to the Class Order, the consent of the relevant person is not required for the inclusion of such statements in this Bidder's Statement. IMC will make available a copy of these documents (or of relevant extracts from these documents), free of charge, to you and other LRF Unitholders who request it during the Offer Period. To obtain a copy of these documents (or the relevant extract), you may telephone the LRF Offer Information Line on 1300 551 627 (for callers within Australia) or +61 2 8280 7709 (for callers outside Australia).

## 7.8 Social security and superannuation implications of the Offer

Acceptance of the Offer may have implications under your superannuation or pension arrangements or on your social security entitlements. If in any doubt, LRF Unitholders should seek specialist advice before accepting the Offer.

## 7.9 Approvals for payment of consideration

IMC is not aware of any LRF Unitholders who require any approval referred to in Section 8.7(e) in order to be entitled to receive any consideration under the Offer.

## 7.10 Withholding of consideration

IMC is not currently aware of any amounts that are or would be treated as withholding amounts under Section 8.7(f). However, it is possible that IMC may become aware of an obligation in this regard after the date of this Bidder's Statement.

For example, under section 255 of the *Income Tax Assessment Act 1936* (Cth), the ATO may notify IMC that all or part of the consideration otherwise payable under the Offer to LRF Unitholders who are non-residents of Australia is to be retained by IMC, or paid to the ATO, instead of being paid to the relevant LRF Unitholders. Similarly, under section 260-5 of Schedule 1 to the *Taxation Administration Act 1953* (Cth), the ATO may require IMC to pay to the ATO all or part of the consideration otherwise payable under the Offer to LRF Unitholders who owe tax-related debts to the Australian Government.

## 7.11 Consents

In accordance with section 636(3) of the Corporations Act, the following persons have given, and have not at the date of this Bidder's Statement withdrawn, their written consent to being named in this Bidder's Statement:

- (a) Macquarie Capital (Australia) Limited;
- (b) Hardy Bowen; and
- (c) Computershare Investor Services Pty Limited.

None of these firms and companies has caused or authorised the issue of this Bidder's Statement or has in any way been involved in the making of the Offer. The Offer is made by IMC.

The above persons (i) do not make, or purport to make, any statement in this document, or any statement on which a statement in this document is based, other than, a reference to its name; and (ii) to the maximum extent permitted by law,

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expressly disclaim and take no responsibility for any part of this document, other than a reference to its name.

In addition, this Bidder's Statement includes statements which are made in, or based on statement made in, documents lodged with ASIC or ASX. Under the terms of ASIC Class Order 01/1543, the persons making those statements are not required to consent to, or have not consented to, the inclusion of those statements, or of statements based on those statements, in this Bidder's Statement (see Section 7.7).

As permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Bidder's Statement includes LRF Unit price trading data sourced from IRESS without its consent.

### **7.12 Date for determining LRF Unitholders**

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under Items 6 and 12 of section 633(1) of the Corporations Act for each Offer is the Register Date.

### **7.13 Other material information**

Except as disclosed in this Bidder's Statement, there is no other information that:

- (a) is material to the making of the decision by a LRF Unitholder whether or not to accept the Offer; and
- (b) is known to IMC,

which has not previously been disclosed to LRF Unitholder.

## 8. Terms and Conditions of the Offer

### 8.1 Offer

- (a) IMC offers to acquire all of your LRF Units and all the Rights attaching to them on the terms and conditions in this Section 8.
- (b) This Offer relates to:
  - (i) all LRF Units which exist (or will exist) as at the Register Date; and
  - (ii) any LRF Units which may be issued after the Register Date and prior to the close of the Offer Period, due to conversion or exercise of rights or securities of LRF that exist (or will exist) as at the Register Date.
- (c) The consideration offered by IMC for each of your LRF Unit is \$0.70 cash.

### 8.2 Offer period

- (a) This Offer will remain open for acceptance during the period that commences on the date of this Offer and ends at 7.00pm (Sydney time) on 5 November 2012, unless this Offer is withdrawn or that Offer Period is extended in accordance with the Corporations Act.
- (b) IMC may, in accordance with the Corporations Act, extend the period during which this Offer remains open for acceptance.

### 8.3 How to accept this Offer

#### (a) **Accept for all of your LRF Units**

Subject to Section 8.8(c), you may **only** accept this Offer during the Offer Period for **all** of your LRF Units.

#### (b) **Issuer Sponsored Holdings**

If your LRF Units are held in an Issuer Sponsored Holding (in which case your Securityholder Reference Number will commence with 'I'), to accept this Offer in respect of those LRF Units you must:

- (i) complete and sign the applicable Acceptance Form in accordance with the instructions on it; and
- (ii) return the Acceptance Form (using the enclosed reply paid envelope), together with all other documents required by the instructions on the Acceptance Form, so that the Acceptance Form and all other required documentation are received before the end of the Offer Period at the address specified on the Acceptance Form.

#### (c) **CHESS Holdings**

If your LRF Units are held in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), to accept this Offer in respect of those LRF Units you must either:

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- (i) instruct your Controlling Participant (usually your broker), in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules, so as to be effective before the end of the Offer Period; or
  - (ii) complete, sign and return the applicable Acceptance Form (using the enclosed reply paid envelope if you wish) in accordance with the instructions on the Acceptance Form, together with all other documents required by those instructions, so that they are received before the end of the Offer Period at the address specified on the Acceptance Form. This will authorise IMC to request your Controlling Participant to effect acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period. You must ensure that the Acceptance Form (and the other required documents) are received in sufficient time for IMC to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period.

However, if you are the Controlling Participant in respect of your LRF Units, to accept this Offer you must yourself initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

(d) **Faxed acceptances**

By prior arrangement suitable to IMC you may also send your Acceptance Form by facsimile to Computershare Investor Services Pty Ltd.

If you hold your LRF Units in a CHESS Holding your first option should be to gather details of the facsimile your Controlling Participant (normally your stockbroker) has established for this purpose.

If your Acceptance Form is returned by facsimile it will be deemed to be received in time if the facsimile transmission is received before the end of the Offer Period and the underlying transfer of ownership it is intended to permit is acceptable, but you will not be entitled to be paid the consideration under this Offer to which you are entitled until your original Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received at the address specified on the Acceptance Form.

## **8.4 Status and effect of Acceptance Form**

(a) **Status of Acceptance Form**

The Acceptance Form that accompanies this Bidder's Statement forms part of this Offer, and the instructions on the Acceptance Form must be followed when completing it to accept this Offer.

(b) **Revocation of acceptance**

Once you have accepted this Offer, you will be able to revoke your acceptance at any time while the Bid Condition in Section 8.5(a)(iv) remains unfulfilled. When the Bid Condition in Section 8.5(a)(iv) has been fulfilled, you will be unable to revoke your acceptance and the contract resulting from

your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of this Offer or otherwise dispose of your LRF Units, except as follows:

- (i) if, by the relevant times specified in Section 8.6(c), a Bid Condition has not been fulfilled or waived, then this Offer will automatically terminate and your LRF Units will be returned to you; or
- (ii) if the Offer Period is extended for more than one month and, at the time, this Offer is subject to one or more Bid Conditions, then you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

(c) **Effect of Acceptance Form**

By signing and returning the Acceptance Form in accordance with Section 8.3, you irrevocably authorise IMC and its nominees:

- (i) to rectify any errors in, or omissions from, the Acceptance Form that are necessary to make it an effective acceptance of this Offer or to enable registration of the transfer of all of your LRF Units to IMC; and
- (ii) (in respect of any of your LRF Units in a CHESS Holding) to:
  - (A) request your Controlling Participant to effect acceptance of this Offer in respect of all such LRF Units in accordance with Rule 14.14 of the ASX Settlement Operating Rules; and
  - (B) give any other instructions concerning those LRF Units to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant.

(d) **Validation of Acceptance Form**

Notwithstanding Sections 8.3(b) and 8.3(c)(ii), IMC may (except in relation to the LRF Units in a CHESS Holding) treat the receipt by it of a signed Acceptance Form before the end of the Offer Period, as valid even though it does not receive the other documents required by the instructions on the Acceptance Form or there is not compliance with any one or more of the other requirements for acceptance. If IMC does treat such an Acceptance Form as valid, subject to Section 8.7, IMC will not be obliged to give the consideration to you until IMC receives all those documents and all of the requirements for acceptance referred to in Section 8.3 and in the Acceptance Form have been met (other than the requirement for your Acceptance Form to be received before the end of the Offer Period).

(e) **Risk in Acceptance Form**

The transmission by you of the Acceptance Form and any other documents in accordance with Section 8.3 is at your own risk. No acknowledgement of receipt of any such documents will be given to you by or on behalf of IMC.

(f) **Power of attorney or deceased estate**

When accepting this Offer, you must also forward for inspection:

- (i) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
- (ii) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased LRF Unitholder, the relevant grant of probate or letters of administration.

(g) **Agreement resulting from acceptance**

By signing and returning the Acceptance Form or initiating or causing acceptance of this Offer under the ASX Settlement Operating Rules in accordance with Section 8.3:

- (i) you accept this Offer in respect of all of your LRF Units at the date your acceptance is processed (even if the number of LRF Units specified on the Acceptance Form differs from the number of LRF Units you actually hold) and agree to the terms and conditions of this Offer;
- (ii) subject to all of the Bid Conditions being fulfilled or waived, you transfer, and consent to the transfer in accordance with the ASX Settlement Operating Rules of, all of your LRF Units to IMC in accordance with this Offer and subject to the conditions of the LRF Constitution on which they were held immediately before your acceptance of this Offer (and IMC agrees to take those LRF Units subject to those conditions);
- (iii) you represent and warrant to IMC that, at the time of your acceptance and at the time the transfer of your LRF Units to IMC is registered, all of your LRF Units are and will be fully paid, and IMC will acquire good title to them and full beneficial ownership of them free from all Encumbrances;
- (iv) subject to all of the Bid Conditions being fulfilled or waived, you irrevocably appoint IMC and each of its directors and nominees severally as your attorney to exercise all powers and rights that you have as the registered holder of your LRF Units, including:
  - (A) attending any meeting of LRF Unitholders, and voting in respect of your LRF Units, proposing or seconding any motion, and demanding a poll for any vote at, any such meeting;
  - (B) requisitioning the convening of any general meeting of LRF Unitholders and convening a general meeting pursuant to any such requisition; and
  - (C) signing any form, notice, instrument or other document (including any proxy appointment) relating to your LRF Units.

Such appointment will terminate on the earlier of the withdrawal of your acceptance of this Offer (either in accordance with its terms or under section 650E of the Corporations Act) and the end of the Offer

Period or, if all Bid Conditions have been fulfilled or waived, the registration of IMC as the holder of your LRF Units;

- (v) you agree that, in exercising the powers and rights conferred by the power of attorney in Section 8.4(g)(iv), each attorney may act in the interests of IMC as the intended registered holder and beneficial owner of your LRF Units;
- (vi) except as contemplated by Section 8.4(g)(iv) and while the appointment in that section continues, you agree not to attend or vote in person or by proxy, attorney or corporate representative at any meeting of any LRF, or to exercise or purport to exercise (in person or by proxy, attorney, or corporate representative or otherwise) any of the powers conferred by the power of attorney in Section 8.4(g)(iv);
- (vii) you irrevocably authorise and direct LinQ Capital to pay to IMC, or to account to IMC for, all Rights in respect of your LRF Units (except to the extent that IMC elects to waive its entitlement to those Rights), subject, however, to any such Rights received by IMC being accounted for by IMC to you if any contract resulting from your acceptance of this Offer is rescinded or rendered void;
- (viii) subject to all of the Bid Conditions being fulfilled or waived, you irrevocably authorise IMC and its nominees to do all things necessary to transfer your LRF Units to IMC (including to cause a message to be transmitted in accordance with ASX Settlement Operating Rule 14.17.1 so as to transfer your LRF Units, if held in a CHESS Holding, to the Takeover Transferee Holding), even if IMC has not at that time paid or provided the consideration due to you under this Offer; and
- (ix) you agree to indemnify IMC and each of its agents in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or your Securityholder Reference Number or in consequence of the transfer of your LRF Units to IMC being registered by LRF without production of your Holder Identification Number or your Securityholder Reference Number.

## 8.5 Bid Conditions

- (a) Subject to Section 8.6, this Offer and any contract that results from acceptance of this Offer are subject to the fulfilment of the following Bid Conditions:
  - (i) **Minimum acceptance**

During, or at the end of the Offer Period, IMC and its Associates together have:

    - (A) Relevant Interests in such number of LRF Units which represent at least 90% (by number) of the LRF Units (disregarding any Relevant Interests that IMC has merely because of the operation of section 608(3)(a) of the Corporations Act); and
    - (B) acquired at least 75% (by number) of the LRF Units that IMC offered to acquire under the Offer.
  - (ii) **Acceptance by LinQ Capital 2**

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Within 3 weeks after the opening of the Offer, LinQ Capital 2 accepts the Offer in respect to the Treasury Units.

(iii) **Index**

Between the BIA Date and the end of the Offer Period, the S&P/ASX 300 Resources Index does not close below 3504 for 3 consecutive trading days.

(iv) **Foreign Acquisitions and Takeovers Act**

If required under the FATA, before the end of the Offer Period, the Treasurer of the Commonwealth of Australia either:

- (A) issues a notice stating that the Commonwealth Government does not object to IMC acquiring 100% of the LRF Units under the Offer; or
- (B) is precluded from making an order in respect of the entry into or completion by IMC of the Bid Implementation Agreement under the FATA.

(v) **No action by Government Agency adversely affecting the Offer**

Between the BIA Date and the end of the Offer Period:

- (A) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
- (B) no action or investigation is instituted by any Government Agency; and
- (C) no application is made to any Government Agency (other than by IMC), or action or investigation is announced, threatened or commenced by a Government Agency,

in consequence of, or in connection with, the Offer, which:

- (D) restrains, prohibits or impedes or otherwise materially adversely impacts upon, the making of the Offer or the rights of IMC in respect of the LRF Units to be acquired under the Offer; or
- (E) requires the divestiture by IMC of any LRF Units or the divestiture of any assets of LRF.

(vi) **No material adverse change**

Between the BIA Date and the end of the Offer Period, none of the following occurs:

- (A) an event, change, condition, matter or thing occurs;
- (B) information is disclosed or announced by LRF concerning any event, change, condition, matter or thing; or
- (C) information concerning any event, change, condition, matter or thing becomes known to IMC (whether or not becoming public),

(D) which (excluding matters contemplated by the Bid Implementation Agreement) result in LRF being unable to continue to operate as an investment fund, or LinQ Capital being unable to continue to operate as the responsible entity of LRF and which could reasonably be expected to have or which evidences that there has been a material adverse financial effect on the business, assets, liabilities, financial position and performance, material contracts (taken as a whole), profitability or prospects of the LinQ Fund Group, since 30 June 2012 (except for such events, changes, conditions, matters or things disclosed to ASX or IMC by LinQ Capital prior to the BIA Date).

(vii) **NTA**

Between BIA Date and the end of the Offer Period, the NTA per LRF Unit does not fall below \$0.765.

(viii) **No prescribed occurrences**

Between the BIA Date and the end of the Offer Period, none of the following events occurs:

- (A) LRF converts all or any of the LRF Units into a larger or smaller number of the LRF Units;
- (B) any LinQ Fund Group Entity resolves to reduce its capital in any way;
- (C) any LinQ Fund Group Entity:
  - (1) enters into a withdrawal offer or buy-back agreement; or
  - (2) resolves to approve the terms of a withdrawal offer under the Corporations Act or the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (D) LRF (acting through LinQ Capital) issues LRF Units or other securities or grants an option over the LRF Units, or agrees to make such an issue or grant such an option;
- (E) LRF2 (acting through LinQ Capital 2) issues securities or grants an option over its securities, or agrees to make such an issue or grant such an option;
- (F) any LinQ Fund Group Entity issues, or agrees to issue, convertible notes or convertible units;
- (G) any LinQ Fund Group Entity disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (H) any LinQ Fund Group Entity grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property.
- (I) any LinQ Fund Group Entity resolves to be wound up;

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- (J) a liquidator or provisional liquidator of any LinQ Fund Group Entity is appointed;
  - (K) a court makes an order for the winding up of any the LinQ Fund Group Entities;
  - (L) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of any of the LinQ Fund Group Entity;
  - (M) LRF announces, makes, declares or pays any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) to the LRF Unitholders;
  - (N) a person announces, commences or threatens any litigation against a LinQ Fund Group Entity (whether in aggregate or for any single litigation) which may or may reasonably result in a judgement against a LinQ Fund Group Entity of more than \$1 million;
  - (O) any LinQ Fund Group Entity pays or agrees to pay any retirement benefit or allowance to any responsible entity or trustee, current or proposed director, executive officer, manager or other employee, or makes or agrees to make any substantial change to the basis or amount of remuneration or the terms of redundancy and other employee entitlements or any current or proposed director, executive officer, manager or other employee (except as required by law or provided under any superannuation, provident and retirement scheme in effect on the BIA Date); and
  - (P) LRF2 or LinQ Capital 2 sells, assigns, transfers, conveys, encumbers, or otherwise disposes of, or grants any interest in, the Treasury Units, other than to accept the Offer in respect to the Treasury Units.

(ix) **Amendment to LRF Constitution and LRF2 Trust Deed**

Between the BIA Date and the end of the Offer Period, none of the following events occurs:

- (A) LRF makes any amendment to LRF Constitution or a meeting is convened to consider a resolution to amend the LRF Constitution; or
- (B) LRF2 makes any amendment to LRF2 Trust Deed or a meeting is convened to consider a resolution to amend the LRF2 Trust Deed.

## 8.6 Nature and operation of Bid Conditions

### (a) Nature of Bid Conditions

The Bid Condition in Section 8.5(a)(iv) is a condition precedent to the acquisition by IMC of any interest in LRF Units. Notwithstanding your acceptance of the Offer, unless and until that Bid Condition is satisfied:

- (i) no contract for the sale of your LRF Units will come into force or be binding on you or on IMC;
- (ii) IMC will have no Rights (conditional or otherwise) in relation to your LRF Units;
- (iii) if any of your LRF Units are held in a CHES Holding, you will be entitled to withdraw your acceptance in respect of those LRF Units by having your Controlling Participant transmit a valid originating message to ASX Settlement specifying the LRF Units to be released from the sub position, in accordance with Rule 14.16 of the ASX Settlement Operating Rules, at any time prior to the fulfilment of that condition; and
- (iv) if any of your LRF Units are not held in a CHES Holding, you will be entitled to withdraw your acceptance in respect of those LRF Units by sending a notice to that effect signed by you (or on your behalf, in which case documentation proving that the person or persons signing the notice are authorised to do so must accompany the notice) to any of the addresses specified on the Acceptance Form, so that it is received at the relevant address at any time prior to the fulfilment or freedom of that condition.

Each of the other Bid Conditions is a condition subsequent to the formation of a binding contract upon your acceptance of this Offer. None of those Bid Conditions prevents a contract to sell your LRF Units resulting from your acceptance of this Offer, but:

- (i) breach of any of those Bid Conditions entitles IMC to rescind that contract by written notice to you; and
- (ii) non-fulfilment of any of those Bid Conditions at the end of the Offer Period will have the consequences in Section 8.6(e).

### (b) Separate Bid Conditions for benefit of IMC

- (i) Each paragraph and each sub-paragraph of Section 8.5 constitutes, and is to be construed as, a separate, several and distinct Bid Condition. No Bid Condition will be taken to limit the meaning or effect of any other Bid Condition.
- (ii) Subject to the Corporations Act, IMC alone is entitled to the benefit of the Bid Conditions and to rely on breach or non-fulfilment of, or to waive, any of those Bid Conditions.

### (c) Freeing the Offer of Bid Conditions

Subject to the Corporations Act, IMC may free this Offer and any contract resulting from your acceptance of this Offer from all or any of the Bid Conditions generally or in relation to a specific occurrence by giving written notice to LinQ Capital:

- (i) in the case of the Bid Conditions in Sections 8.5(a)(viii)(A) to 8.5(a)(viii)(L) – not later than three Business Days after the end of the Offer Period; and
- (ii) in the case of the other Bid Conditions – not less than seven days before the last day of the Offer Period.

(d) **Notice of Status of Bid Conditions**

The date for giving the notice as to the status of the Bid Conditions required by section 630(1) of the Corporations Act is 26 October 2012 (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

(e) **Contract void if Bid Conditions not fulfilled**

Your acceptance of this Offer, and any contract resulting from your acceptance of this Offer, will be automatically void if:

- (i) at the end of the Offer Period, any of the Bid Conditions is not fulfilled; and
- (ii) IMC has not declared this Offer and any contract resulting from your acceptance of it free from that Bid Condition in accordance with Section 8.6(c).

## 8.7 Payment of consideration

(a) **When you will generally be paid**

IMC has agreed to pay the consideration under the Offer earlier than the timeframe prescribed by the Corporations Act.

Subject to this Section 8.7, if you accept the Offer (and return any document required with your acceptance), you will be paid the consideration for your LRF Units on or before the later of:

- (i) 7 days after the date the Offer becomes or is declared unconditional; and
- (ii) 7 days after the date you accept the Offer if the Offer is, at the time of your acceptance, unconditional.

(b) **Payment where additional documents required**

Where additional documents are required, either by the Acceptance Form or otherwise, to be given to IMC with your acceptance to enable IMC to become the holder of your LRF Units (such as a power of attorney) then, subject to Sections 8.7(c) to 8.7(f) and the Corporations Act:

- (i) if those documents are given to IMC with your acceptance, IMC will pay you the consideration for your LRF Units in accordance with Section 8.7(a);
- (ii) if those documents are given to IMC after your acceptance and before the end of the Offer Period, and this Offer is subject to Bid Conditions at the time IMC is given the document, IMC will pay you the consideration for your LRF Units within 7 days after the date the Offer becomes or is declared unconditional;

- (iii) if those documents are given to IMC after your acceptance and before the end of the Offer Period and at the time IMC is given the document the Offer is unconditional, IMC will pay you the consideration for your LRF Units within 7 days after IMC is given those documents;
- (iv) if those documents are given to IMC after your acceptance and after the end of the Offer Period and at the time IMC is given the document the Offer is subject only to the Bid Conditions in Sections 8.5(a)(viii)(A) to 8.5(a)(viii)(L), IMC will pay you the consideration for your LRF Units within 7 days after the date the Offer becomes or is declared unconditional; and
- (v) if those documents are given to IMC after your acceptance and after the end of the Offer Period and at the time IMC is given the document the Offer is unconditional, IMC will pay you the consideration for your LRF Units within 7 days after IMC is given those documents.

(c) **Delivery of Consideration**

Payment of any cash consideration will be made by cheque drawn in Australian currency. The cheque will be sent to you, at your risk, by ordinary mail (or, in the case of LRF Unitholders with addresses outside of Australia, by airmail) to your address last notified to IMC by LinQ Capital.

Payment will be deemed to have been made at the time the cheque is delivered by and for IMC to Australian Post for delivery.

(d) **Rights**

If IMC becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to IMC all documents necessary to vest title to those Rights in IMC, or otherwise to give IMC the benefit or value of those Rights. If you do not do so, or if you have received or are entitled to receive (or any previous holder of your LRF Units has received or is entitled to receive) the benefit of those Rights, IMC will be entitled to deduct the amount (or an amount equal to the value, as reasonably assessed by IMC) of those Rights from any consideration otherwise payable to you under this Offer. If IMC does not, or cannot, make such a deduction, you must pay that amount to IMC, except to the extent that IMC elects to waive its entitlement to those Rights.

(e) **Non-Australian residents**

If, at the time you accept this Offer, any authority or clearance of a Government Agency is required for you to receive any consideration under this Offer, or you are resident in, or a resident of, a place to which, or you are a person to whom:

- (i) the *Autonomous Sanctions Regulations 2011 (Cth)*;
- (ii) the *Banking (Foreign Exchange) Regulations 1959 (Cth)*;
- (iii) the *Charter of the United Nations Act 1945 (Cth)*;
- (iv) the *Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth)*;
- (v) the *Charter of the United Nations (Sanctions — Al-Qaida and the Taliban) Regulations 2008 (Cth)*;

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- (vi) the *Charter of the United Nations (Sanctions — Côte d'Ivoire) Regulations 2008 (Cth)*;
  - (vii) the *Charter of the United Nations (Sanctions — Democratic People's Republic of Korea) Regulations 2008 (Cth)*;
  - (viii) the *Charter of the United Nations (Sanctions — Democratic Republic of the Congo) Regulations 2008 (Cth)*;
  - (ix) the *Charter of the United Nations (Sanctions — Eritrea) Regulations 2010 (Cth)*;
  - (x) the *Charter of the United Nations (Sanctions — Iran) Regulations 2008 (Cth)*;
  - (xi) the *Charter of the United Nations (Sanctions — Iraq) Regulations 2008 (Cth)*;
  - (xii) the *Charter of the United Nations (Sanctions — Lebanon) Regulations 2008 (Cth)*;
  - (xiii) the *Charter of the United Nations (Sanctions — Liberia) Regulations 2008 (Cth)*;
  - (xiv) the *Charter of the United Nations (Sanctions — Libyan Arab Jamahiriya) Regulations 2011 (Cth)*;
  - (xv) the *Charter of the United Nations (Sanctions — Somalia) Regulations 2008 (Cth)*;
  - (xvi) the *Charter of the United Nations (Sanctions — Sudan) Regulations 2008 (Cth)*; or
  - (xvii) any other law of Australia that would make it unlawful for IMC to provide consideration for your LRF Units,

applies then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained by you in favour of IMC.

(f) **Withholding of consideration by IMC**

If any amount (the withholding amount) is required, under any Australian law or by any Government Agency, to be:

- (i) withheld from any consideration otherwise payable to you under this Offer and paid to a Government Agency; or
- (ii) retained by IMC out of any consideration otherwise payable to you under this Offer, the payment or retention by IMC of the withholding amount (as applicable) will constitute full discharge of IMC's obligation to pay the consideration to you to the extent of the withholding amount.

## 8.8 Offerees

### (a) Registered holders

IMC is making an offer in the form of this Offer to each person registered as a LRF Unitholder in the register of securityholders of LRF as at the Register Date.

### (b) Transferees

If at any time during the Offer Period another person is able to give good title to some or all of your LRF Units, and that person has not already accepted an offer in the form of this Offer for those LRF Units, then that person may accept as if an offer in the form of this Offer had been made to them in respect of those LRF Units.

### (c) Trustees and nominees

If at any time during the Offer Period and before you accept this Offer your LRF Units consist of two or more separate and distinct parcels within the meaning of section 653B of the Corporations Act (for example, because you hold your LRF Units as trustee or nominee for, or otherwise on account of, several distinct beneficial owners), then you may accept as if a separate and distinct offer in the form of this Offer had been made in relation to each of those parcels (including any parcel you hold in your own right). Acceptance for any parcel of LRF Units (including any parcel consisting of two or more distinct parcels) is ineffective unless:

- (i) you give IMC notice stating that the LRF Units consist of a separate parcel, such notice being:
  - (A) in the case of LRF Units not in a CHESS Holding, in writing; or
  - (B) in the case of LRF Units in a CHESS Holding, in an electronic form approved by the ASX Settlement Operating Rules for the purposes of Part 6.8 of the Corporations Act; and
- (ii) your acceptance specifies the number of LRF Units in the distinct parcel.

## 8.9 Withdrawal of Offer

IMC may withdraw this Offer at any time before you accept it, but only with the consent in writing of the ASIC (which consent may be given subject to such conditions, if any, as are imposed by the ASIC).

## 8.10 Variation

IMC may vary this Offer in accordance with section 650D of the Corporations Act.

## 8.11 Costs and stamp duty

IMC will pay all costs and expenses of the preparation and circulation of this Offer and any Australian stamp duty payable on the transfer of any LRF Units to IMC under this Offer.

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## **8.12 Governing Law**

This Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in Western Australia.

## 9. Definitions and Interpretation

### 9.1 Definitions

In this Bidder's Statement (including its annexures) and in the Acceptance Form, unless the context otherwise requires:

**Acceptance Form** means the form of acceptance and transfer accompanying this Bidder's Statement, or as the context requires, any replacement or substitute acceptance form provided by or on behalf of IMC.

**ASIC** means the Australian Securities and Investments Commission.

**ASIC Relief** has the meaning given in Section 7.4.

**Associate** has the meaning given in Division 2 of Part 1.2 of the Corporations Act.

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

**ASX Settlement** means ASX Settlement Pty Ltd ABN 49 008 504 532.

**ASX Settlement Operating Rules** means the operating rules of the settlement facility provided by ASX Settlement.

**BIA Date** means the date of the Bid Implementation Agreement being 12 September 2012.

**Bid Condition** means each of the conditions in Section 8.5.

**Bid Implementation Agreement** means the bid implementation agreement between IMC and LinQ Capital dated 12 September 2012, a copy of which was released to ASX on 13 September 2012.

**Bidder's Statement** means this document, being the statement of IMC under Part 6.5 of the Corporation Act relating to the Offer.

**Break Fee** means the amount of \$800,000.

**Business Day** means a day on which banks are open for business in Perth, Western Australia, excluding a Saturday, Sunday or public holiday.

**CHESS** means the Clearing House Electronic Subregister System which provides for electronic transfer, settlement and registration of securities in Australia.

**CHESS Holding** means a holding of LRF Units on the CHESS Subregister of LRF.

**CHESS Subregister** has the meaning given in the ASX Settlement Operating Rules.

**Competing Proposal** means any expression of interest, proposal, offer, transaction or arrangement by or with any person pursuant to which, if the expression of interest, proposal, offer, transaction or arrangement is entered into or completed substantially in accordance with its terms, would result in a Third Party:

- 
- (a) directly or indirectly acquiring an interest, a Relevant Interest in or becoming the holder of:
    - (i) more than 20% or more of the LRF Units; or
    - (ii) the whole or a substantial part or a material part of the business or property of any LinQ Fund Group Entity or the LinQ Fund Group (in either case when considered in aggregate);
  - (b) acquiring Control of any LinQ Fund Group Entity;
  - (c) replacing LinQ Capital as the responsible entity of LRF; or
  - (d) otherwise directly or indirectly;
    - (i) acquiring or merging with any LinQ Fund Group Entity, or having the right to so acquire or merge with; or
    - (ii) acquiring a significant economic interest in any LinQ Fund Group Entity or all or significant part of the business or assets of any LinQ Fund Group Entity,

in each case whether by way of takeover bid, scheme of arrangement, security holder-approved acquisition or resolution, reverse takeover bid, capital reduction, security buy-back, sale or purchase of assets, joint venture, dual listed company and/or trust structure, or other transaction or arrangement.

**Controlling Participant** has the meaning given in the ASX Settlement and Operating Rules. Usually your Controlling Participant is an organisation, such as a broker, with whom you have a sponsorship agreement (within the meaning of the ASX Settlement Operating Rules).

**Corporations Act** means *Corporations Act 2001 (Cth)*.

**Encumbrance** means an interest or power:

- (a) reserved in or over any interest in any asset including any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of debt or any other monetary obligation or the performance of any other obligation and includes any agreement to grant to create any of the above.

**Exclusivity Period** has the meaning given to it in the Bid Implementation Agreement.

**FATA** means the *Foreign Acquisitions and Takeovers Act 1975 (Cth)*.

**FIRB** means Foreign Investment Review Board.

**FIRB Approval** means the approval referred to in Section 7.3.

**Foreign Law** means a law of a jurisdiction other than Australia.

**Government Agency** means any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

**GST** means the goods and services tax imposed under the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)* and the related imposition of acts of the Commonwealth of Australia.

**Holder Identification Number** means the number to identify the LRF Unitholder on the CHES Subregister of LRF.

**IMC** or **Bidder** means IMC Resources Holdings Pte Ltd, a company incorporated in Singapore with a company registration no. 201100897N.

**IMC Group** means IMC and any of its Related Bodies Corporate.

**IMC Group Holdings** means IMC Group Holdings Limited, a company incorporated in Bermuda with a company registration no. 39842.

**Independent Director** means each of Mr Bruno Camarri, Mr Nicholas Lattimore and Mr Graham Fariss.

**Investment Management Agreement** means the investment management agreement between LinQ Capital and LinQ Management dated on 11 October 2004.

**Issuer Sponsored Holding** means a holding of LRF Units on the Issuer Sponsored Subregister of LRF.

**Issuer Sponsored Subregister** has the meaning given in the ASX Settlement and Operating Rules.

**LinQ Capital** means LinQ Capital Limited ACN 098 197 258 in its capacity as responsible entity of LRF (unless otherwise stated).

**LinQ Capital Board** means the board of directors of LinQ Capital.

**LinQ Capital Director** means a director on the LinQ Capital Board.

**LinQ Capital 2** means LinQ Capital No. 2 Pty Ltd ACN 128 289 065.

**LinQ Fund Group** means LRF, LRF2, and their subsidiaries, where the context requires, LinQ Capital and LinQ Capital 2 as responsible entity or trustee of LRF and LRF2 respectively.

**LinQ Fund Group Entity** means any member of the LinQ Fund Group.

**LinQ Group** means LinQ Capital (in its own capacity and not in its capacity as the responsible entity of LRF) and its Related Bodies Corporate and Associates (excluding the LinQ Capital Directors and officers) including (without limitation) LinQ Management, Ashdon Nominees Pty Ltd and Woodcross Holdings Pty Ltd and each of their Related Bodies Corporate and Associates (the LinQ Capital Directors and officers).

**LinQ Management** means LinQ Management Pty Ltd ACN 107 455 649.

**Listing Rules** means the Listing Rules of ASX, as amended from time to time.

**LRF** means LinQ Resources Fund ARSN 108 168 190.

**LRF Constitution** means the constitution that established LRF dated 8 March 2002, as amended from time to time prior to the date of this Bidder's Statement.

**LRF Unit** means a fully paid ordinary unit in LRF, including the Treasury Units.

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**LRF Unitholder** means a registered holder of a LRF Unit.

**LRF2** means LinQ Resources Fund No. 2 being a unit trust whose units are wholly owned by LRF.

**LRF2 Trust Deed** means the trust deed that established LRF2.

**NTA** means the net tangible assets of LRF determined on the same basis as disclosed in the announcement made by LRF to ASX on 6 September 2012.

**Offer** means the offer in Section 8.1.

**Offer Period** means the period in Section 8.2, during which the Offer will remain open for acceptance.

**Official List** means the official list of entities that ASX has admitted and not removed.

**Official Quotation** means official quotation on ASX.

**Register Date** means 7.00pm (Sydney time) on 27 September 2012, being the date set by IMC under section 633(2) of the Corporations Act.

**Related Bodies Corporate** has the meaning given in section 50 of the Corporations Act.

**Relevant Interest** has the meaning given to that term in sections 608 and 609 of the Corporations Act.

**Replacement Responsible Entity** has the meaning given in Section 4.2(c).

**Representatives** means, in respect to a person, the person's directors, officers, employees, agents, consultants and advisors.

**Retirement Resolution** has the meaning given in Section 4.2(c).

**Rights** means all accretions to and rights attaching to the relevant LRF Unit at or after the date of the announcement of the Offer (being 13 September 2012) (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for units, stock units, notes or options declared, paid, or issued by LRF).

**S&P/ASX 300 Resources Index** means the S&P/ASX 300 Resources Index published by Standard and Poor's.

**Section** means a section of this Bidder's Statement.

**Securityholder Reference Number** means the number allocated by LRF to identify a LRF Unitholder on the Issuer Sponsored Subregister of LRF.

**Superior Proposal** means a bona fide Competing Proposal which the Independent Directors have determined, in good faith after consultation with their external legal and financial advisors, is likely to be:

- (a) reasonably capable of being valued, taking into account all aspects of the Competing Proposal and the person making it;
- (b) reasonably capable of being completed on a timely basis; and
- (c) more favourable to LRF Unitholders (as a whole) than the Takeover Bid, taking into account all the terms and conditions of the Competing Proposal.

**Takeover Transferee Holding** has the meaning given in the ASX Settlement and Operating Rules, being the CHESS Holding to which LRF Units are to be transferred pursuant to acceptances of the Offer.

**Target's Statement** means the target's statement issued by LRF in response to this Bidder's Statement in accordance with Part 6.5 Division 3 of the Corporations Act.

**Termination Payment** has the meaning given to it in Section 7.1(e).

**Third Party** means a person other than a member of the IMC Group.

**Treasurer** means the Treasurer of the Commonwealth of Australia.

**Treasury Units** has the meaning given in Section 3.4.

**VWAP** means volume weighted average price.

## 9.2 Interpretation

In this Bidder's Statement and in the Acceptance Form, headings are for convenience only and do not affect the interpretation.

The following rules apply unless the context requires otherwise:

- (a) words importing one gender include the other genders;
- (b) words (including defined terms) importing the plural include the singular and vice versa;
- (c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to a person, corporation, trust, partnership, unincorporated body or association or other entity includes any of them;
- (e) a reference to Annexure is to an annexure of this Bidder's Statement;
- (f) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (g) a term not specifically defined in the Bidder's Statement has the meaning given to it in the Corporations Act (being, if any special meaning is given for the purposes of Chapter 6 or 6A of the Corporations Act or a provision of those chapters, that special meaning);
- (h) a reference to time is a reference to Sydney time;
- (i) a reference to \$ is a reference to the lawful currency in Australia; and
- (j) a reference to you is a person to whom the Offer under Section 8 is (or is deemed to be) made.

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## 10. Authorisation of Bidder's Statement

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

**Date:** 27 September 2012

Signed under a power of attorney  
for and on behalf of  
**IMC Resources Holdings Pte Ltd**

A handwritten signature in black ink that reads "Michael Chye". The signature is written in a cursive style with a horizontal line underneath the name.

**Mr Michael Chye**  
**Managing Director**  
**IMC Investments Group**

## Annexure A – LRF's ASX Announcements since 30 June 2012

<b>Date</b>	<b>Announcement</b>
17/09/2012	LinQ Confirms Unitholders' Meeting Adjourned
14/09/2012	MOY: Bid by IMC For LRF
13/09/2012	Letter to Unit Holders
13/09/2012	Bid Implementation Agreement
13/09/2012	Reinstatement
13/09/2012	IMC RECOMMENDED CASH OFFER AT \$0.70 PER UNIT
12/09/2012	Suspension from Official Quotation
10/09/2012	Trading Halt
07/09/2012	Monthly NTA
05/09/2012	Change of Director's Interest Notice
05/09/2012	Appendix 3B
04/09/2012	June 2012 Quarterly Investment Update
29/08/2012	Preliminary Final Report
23/08/2012	LinQ Announces Distribution Reinvestment Plan Price
22/08/2012	Notice of Meeting and Explanatory Memorandum
22/08/2012	Amendment to Constitution - 11th Deed of Variation
14/08/2012	Monthly NTA
10/08/2012	LinQ Resources Fund Announces Proposal to Delist
13/07/2012	Monthly NTA
04/07/2012	Final Director's Interest Notice x 2
03/07/2012	LinQ Announces Resignation of Director

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## CORPORATE DIRECTORY

### **Bidder**

IMC Resources Holdings Pte Ltd  
Level 37, Suntec Tower One  
7 Temasek Boulevard  
Singapore 038987

[www.imcgroup.info](http://www.imcgroup.info)

### **Corporate and Financial Adviser**

Macquarie Capital (Australia) Limited  
Level 4, 235 St Georges Terrace  
PERTH WA 6000

### **Legal Adviser**

Hardy Bowen  
Level 1, 28 Ord Street  
WEST PERTH WA 6005

### **Share Registry**

Computershare Investor Services Pty Ltd  
Level 2, 46 St Georges Terrace  
PERTH WA 6000

### **LRF Offer Information Line**

For callers within Australia: 1300 551 627  
For callers outside Australia: +61 2 8280 7709

This page has been left intentionally blank.

This is an important document and requires your immediate attention.  
If you are in any doubt about how to deal with this document, you should contact your  
broker, financial adviser or legal adviser immediately.

# LinQ Resources Fund

LinQ Capital Limited (ACN 098 197 258) as responsible entity  
of the LinQ Resources Fund (ARSN 108 168 190)

## Target's Statement

This Target's Statement has been issued in response to the  
off-market takeover bid made by IMC Resources Holdings Pte Ltd  
(a company incorporated in Singapore) for all of the units  
in the LinQ Resources Fund.

**Your Independent Directors unanimously  
recommend that you accept the Offer in the  
absence of a superior proposal.**

Financial Adviser



Legal Adviser



## **Important notices**

### **Nature of this document**

This document is a Target's Statement issued by LinQ Capital Limited (ACN 098 197 258) (**LinQ Capital**) as responsible entity of the LinQ Resources Fund (ARSN 108 168 190) (**LRF**), in relation to the off-market takeover bid for all of the LRF Units by IMC Resources Holdings Pte Ltd (a company incorporated in Singapore) (**IMC**).

A copy of this Target's Statement was lodged with ASIC and given to ASX on 27 September 2012. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the content of this Target's Statement.

### **LRF Unitholder information**

LRF Unitholders can call the LRF Offer Information Line on 1300 551 627 (for calls made from within Australia) or +61 2 8280 7709 (for calls made from outside Australia) if they have any queries in relation to the Offer. Calls to the LRF Offer Information Line may be recorded.

Further information relating to the Offer can be obtained from LRF's website at <http://www.linqresources.com>.

### **Defined terms**

A number of defined terms are used in this Target's Statement. These terms are explained in section 7 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

### **No account of personal circumstances**

This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. Your directors encourage you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

### **Disclaimer as to forward looking statements**

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which LRF operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of LRF, LRF's officers, employees and advisers, LinQ Capital, LinQ Capital's officers, employees and advisers, any persons 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 (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

### **Disclaimer as to information**

The information on IMC and the IMC Group contained in this Target's Statement has been prepared by LinQ Capital using publicly available information. The information in this Target's Statement concerning IMC and the IMC Group and the companies' assets and liabilities, financial position and performance, profits and losses and prospects, has

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not been independently verified by LRF. Accordingly LinQ Capital does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

### **Foreign jurisdictions**

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such 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.

### **Maps and diagrams**

Any diagrams, charts, maps, graphs and tables 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, maps, graphs and tables is based on information available at the date of this Target's Statement.

### **Privacy**

LinQ Capital has collected your information from the register of LRF Unitholders for the purpose of providing you with this Target's Statement. The type of information LinQ Capital has collected about you includes your name, contact details and information on your unitholding in LRF. Without this information, LinQ Capital would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of unitholders to be held in a public register. Your information may be disclosed on a confidential basis to LinQ Capital's related bodies corporate and external service providers (such as the unitholder registry of LRF and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by LinQ Capital, please contact Computershare Investor Services Pty Limited (**Computershare**) at GPO Box D182, Perth, WA, 6840. LRF's privacy policy is available at <http://www.linqresources.com>. The registered address of LinQ Capital is Level 1, 17 Ord Street, West Perth, Western Australia.

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## Key dates

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Date of this Target's Statement	27 September 2012
Offer opens	3 October 2012
Close of the Offer Period	7.00pm (Sydney time) on 5 November 2012 (unless extended or withdrawn)

Dear LRF Unitholder

On behalf of the Board, I am pleased to provide you with the LinQ Resources Fund (**LRF**) Target's Statement in response to the takeover offer from IMC Resources Holdings Pte Ltd (**IMC**) (**Offer**), for the acquisition of all the units in LRF it does not already own.

Under the Offer, LRF unit holders will receive \$0.70 cash for each LRF Unit, subject to the satisfaction of the conditions to the Offer.

The Board has considered the Offer and the Independent Directors unanimously recommend that LRF Unitholders accept the Offer in the absence of a superior proposal, for the reasons set out in this Target's Statement.

Each of the directors has advised that they intend to accept the Offer in respect of the LRF Units they hold or control within 10 business days from the Offer opening, in the absence of a superior proposal.

The Offer price of \$0.70 cash represents:

- a premium of 38.6% to the closing of price of LRF Units on ASX on 7 September 2012 (the last trading day before a trading halt was called in relation to LRF Units); and
- a premium of 39.2% to the volume weighted average price of LRF Units on ASX over the five trading days to and including 7 September 2012.

The Offer provides all LRF Unitholders with the opportunity to tender their entire holding in the fund for cash of \$0.70 per LRF Unit. The Independent Directors consider this to be particularly attractive given the prevailing challenging equity market conditions and valuations.

As you know, your Board has previously investigated a range of measures to assist in closing the gap between the market price of LRF Units and the underlying NTA of LRF. This resulted in a proposal to delist LRF, which was to be considered at a meeting of LRF Unitholders on 17 September 2012.

However, the Independent Directors of the Board consider that the IMC Offer is superior to the Delisting Proposal for the reasons set out in the "Key reasons to ACCEPT the Offer" section (particularly item 4). Consequently, the LRF Unitholder meeting has been adjourned to a date (to be advised) after the Offer closes.

IMC is part of the IMC Group, a privately owned, Singapore-headquartered organisation with business in various sectors including investments, industries and lifestyle/real estate.

The detailed terms and conditions of the Offer are contained in the enclosed Bidder's Statement, which has been prepared by IMC. Both the Bidder's Statement and Target's Statement are important documents, and I encourage you to review them carefully. If, having done so, you have any questions, please contact the LRF Offer Information Line on 1300 551 627 (for calls made from within Australia) or +61 2 8280 7709 (for calls made from outside Australia).

Your directors will continue to update LRF Unitholders on all developments as they occur in respect to the Offer.

Yours sincerely



**Bruno Camarri AM**  
Chairman

## Independent Directors' recommendation

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The Independent Directors of LinQ Capital are Bruno Camarri AM, Graham Fariss and Nicholas Lattimore.

After taking into account each of the matters in this Target's Statement and in the Bidder's Statement, each of your Independent Directors recommend that you ACCEPT the Offer in the absence of a superior proposal.

The reasons for your Independent Directors' recommendation to ACCEPT the Offer in the absence of a superior proposal are set out in the section of this Target's Statement entitled "Key Reasons to ACCEPT the Offer".

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

- read 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 financial advice from your broker or financial adviser on the Offer and obtain taxation advice on the effect of accepting the Offer.

## Non-independent directors

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LRF is managed by LinQ Management, which has been engaged by LinQ Capital under the Investment Management Agreement. Clive Donner, who is a director of LinQ Capital, is an executive of, and controls, LinQ Management. Richard Procter, who is also a director of LinQ Capital, is an executive of LinQ Management.

Due to their respective relationships with LinQ Management, each of Clive Donner and Richard Procter do not consider it appropriate for them to make, and they decline to make a recommendation as to whether LRF Unitholders should accept the Offer.

Further detail regarding the arrangements with LinQ Management is contained in section 6.3 of this Target's Statement.

## Intentions of your directors in relation to the Offer

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Each director of LRF who owns or controls LRF Units presently intends to accept the Offer in relation to those LRF Units within 10 business days from the Offer opening, in the absence of a superior proposal.

Details of the relevant interests of each LRF director in LRF Units are set out in section 6.2 of this Target's Statement.

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## Key reasons to ACCEPT the Offer

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The Independent Directors unanimously recommend that you ACCEPT the Offer in the absence of a superior proposal.

Key reasons why you should ACCEPT the Offer are discussed in detail below.

### 1. The Offer price represents an ATTRACTIVE PREMIUM to recent market price of LinQ Units

As shown in Chart 1 below, the Offer price of \$0.70 cash represents:

- a premium of 38.6% to the closing price of LRF Units on ASX on 7 September 2012 (the last trading day before a trading halt was called in relation to LRF Units); and
- a premium of 39.2% to the volume weighted average price of LRF Units on ASX over the five trading days to and including 7 September 2012.

**Chart 1. Offer Premium**



Source: IRESS. IRESS has not consented to the use of any trading data in this Target's Statement.

In the unanimous opinion of the Independent Directors, these premiums are attractive relative to those generally paid in control transactions for listed securities in Australia. This is particularly so given the fact that IMC already holds 17.48% of LRF Units on issue<sup>1</sup>.

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<sup>1</sup> Excluding the Treasury Units (which are beneficially owned by LRF), IMC holds 27.68% of the LRF Units on issue. See section 6.9 for further information.

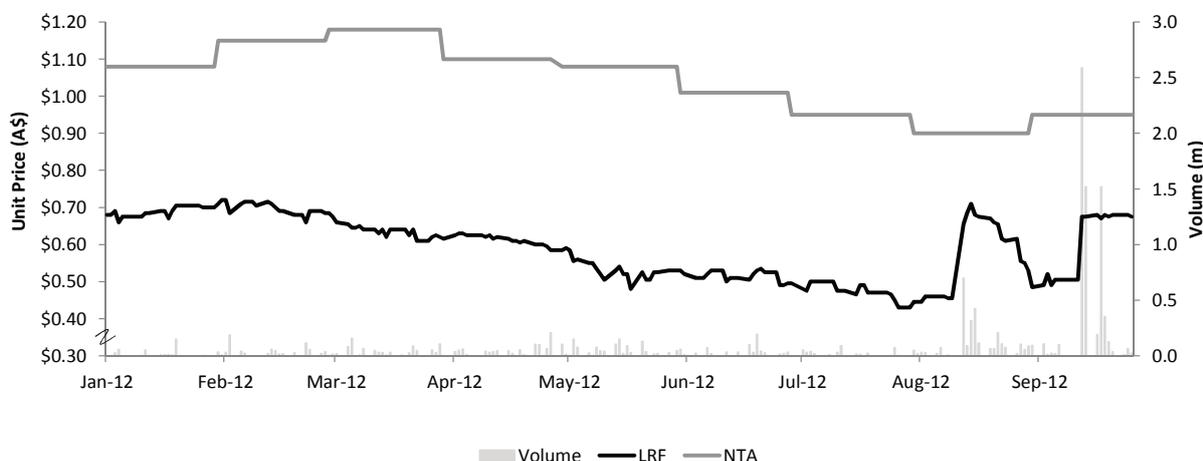
**2. In the unanimous opinion of the Independent Directors, the DISCOUNT TO NTA IS REASONABLE**

The Offer price represents a discount of 26.3% to the last stated monthly NTA (as at the date of this Target's Statement) of \$0.95 per LRF Unit.

Historically, the majority of listed investment companies (LIC) listed on the ASX trade at prices which are materially below their stated NTA.

As at 7 September 2012, the average discount of ASX-listed LICs with a market capitalisation of between \$50 million and \$250 million to reported NTA was 11.9%<sup>2</sup>. In recent times, LRF Units have traded at discounts materially greater than this, as shown in Chart 2 below.

**Chart 2. LRF Unit price and reported NTA since 1 January 2012**



Source: IRESS.

Since 1 January 2012 the average discount between the LRF Unit price and the reported NTA is 43.9%.

There may be a number of reasons why this discount has persisted, including the relatively small size of LRF, the nature of the investments of LRF (which include a high proportion of unlisted investments and listed investments in smaller companies which may have limited liquidity) and the general lack of liquidity in trading in LRF Units.

Having regard to the benefits of the Offer, including the premium to market, certainty of pricing and immediate liquidity event the Offer provides, the Independent Directors are unanimously of the opinion that the discount of the Offer price to the last stated monthly NTA (as at the date of this Target's Statement) of \$0.95 per LRF Unit is reasonable.

<sup>2</sup> Based on the closing prices of the ASX listed mid-cap (\$50m-\$250m) LICs on 7 September 2012. Reported NTA derived from ASX data as at 31 August 2012.

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### **3. The Offer is UNANIMOUSLY RECOMMENDED by the Independent Directors (in the absence of a superior proposal)**

The Board has considered the Offer and the Independent Directors unanimously recommend that LRF Unitholders accept the Offer in the absence of a superior proposal, for the reasons set out in this Target's Statement.

Each of the directors has advised that they intend to accept the Offer in respect of the LRF Units they hold or control within 10 business days from the Offer opening, in the absence of a superior proposal.

### **4. In the unanimous opinion of the Independent Directors, the Offer is SUPERIOR to the Delisting Proposal**

The Board has previously investigated a range of measures to assist in closing the gap between the market price of LRF Units and the underlying NTA of LRF. This resulted in a proposal to delist LRF, which was to be considered at a meeting of LRF Unitholders on 17 September 2012 (now adjourned to a date after the close of the Offer).

The Independent Directors of the Board consider the Offer is superior to the Delisting Proposal for the following reasons:

#### **The Offer delivers certainty**

The Offer price of \$0.70 per LRF Unit provides a high degree of certainty of value and timing (subject to satisfaction of the conditions to the Offer). Specifically, IMC has agreed to shorten the normal period for payment of the consideration under the Offer from one month to the later of 7 days after the Offer becomes unconditional and 7 days after you accept the Offer.

#### **The Offer provides liquidity**

If the Offer does not become unconditional, and the Delisting Proposal proceeds in its place, the amount which LRF Unitholders will be able to realise for their investment in LRF Units will be less certain and will be realised over a longer period.

Under the Delisting Proposal, LRF Unitholders would have the opportunity to redeem units at NTA over time: initially up to 20% of total NTA shortly after approval of the delisting, and subsequent annual redemptions of up to 10% of total NTA. Accordingly, under the Delisting Proposal it would take several years for LRF Unitholders to realise value for their entire unitholding.

#### **The Offer eliminates market risk**

The amount which may be realised under the Delisting Proposal will be subject to the performance of the fund's underlying portfolio from time to time, general economic conditions and movements in the share market. Subject to satisfaction of the conditions to the Offer, the Offer eliminates these risks.

**5. An ALTERNATIVE PROPOSAL IS UNLIKELY and none has emerged as at the date of this Target's Statement**

Since the announcement by LRF of the Offer on 13 September 2012, no alternative proposal has emerged.

Given the time that has elapsed since the announcement of the Offer, and the fact that IMC currently holds 17.48% of LRF Units on issue,<sup>3</sup> the Independent Directors believe that an alternative proposal is unlikely to emerge.

However, there remains the possibility that a third party may make an alternative proposal prior to the close of the Offer. The Independent Directors will notify LRF Unitholders if an alternative proposal is received.

**6. In the absence of the Offer, the LRF Unit price may FALL**

The Offer price represents a significant premium to the last traded price of LRF Units on 7 September 2012, the last ASX trading day immediately prior to the announcement of the Offer and some 16 days after full details of the Delisting Proposal were released to the market.

Since the announcement of the Offer, the LRF Units have not traded on ASX above the Offer price.

The Independent Directors believe that in the absence of the Offer, the price of LRF Units on ASX may fall.

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<sup>3</sup> Refer to footnote 1.

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## Reasons why you may consider not accepting the Offer

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Key reasons why you may consider not accepting the Offer are set out below:

### **1. You may disagree with your Independent Directors' recommendation**

You may hold a different view to your Independent Directors and consider that the Offer price of \$0.70 per LRF Unit is inadequate.

### **2. The tax consequences of the Offer may not be suitable to your financial position**

Acceptance and the subsequent implementation of the Offer may have tax consequences for you. A summary of the taxation implications of implementation of the Offer is set out in section 6 of the Bidder's Statement. The application of tax laws to LRF Unitholders will be dependent on particular facts and circumstances and accordingly, LRF Unitholders are encouraged to obtain independent taxation advice.

### **3. You may wish to participate in any potential upside that may result from remaining a LRF Unitholder**

You will cease to hold your LRF Units if you accept the Offer and the Offer becomes unconditional, or if you do not accept the Offer and IMC acquires 90% of LRF and proceeds to compulsory acquisition. Accordingly, you will not retain any exposure to LRF's assets or share in the value that could be generated by LRF in the future and you will not have the opportunity to receive future distributions from LRF.

### **4. You may consider that there is a potential for a superior proposal to be made in relation to LRF in the foreseeable future**

You may believe that there is a possibility that a superior proposal could emerge in the foreseeable future. Although it is possible that a superior proposal could emerge, it is considered unlikely and as of today, there is no superior proposal that is available to be accepted by LRF Unitholders.

### **5. You may wish to defer accepting the Offer**

LRF Unitholders who accept the Offer will lose the ability to deal with their LRF Units (including selling their LRF Units on market) and will not be able to accept a superior offer from another bidder if one eventuates (unless withdrawal rights are available or the Offer lapses and not all of the conditions are satisfied or waived).

### **6. The Offer may be subject to conditions that you consider unacceptable**

Completion of the Offer and receipt by LRF Unitholders of the consideration is subject to a number of conditions, which are set out in section 8.5 of the Bidder's Statement and summarised in section 4.2 of this Target's Statement. There is no certainty if and when these conditions will be satisfied.

## 1 Frequently asked questions

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This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for LRF Unitholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer
<p>What is the Offer?</p>	<p>IMC Resources Holdings Pte Ltd has made an offer of \$0.70 cash for each LRF Unit held by you.</p> <p>Details in relation to the Offer are set out in section 4 of this Target's Statement.</p>
<p>Who is IMC Resources Holdings Pte Ltd?</p>	<p>IMC is part of the IMC Group, a privately owned, Singapore-headquartered organisation with business interests in various sectors including investments, industries and lifestyle/real estate.</p> <p>IMC currently owns approximately 32 million units, representing 17.48% of the total LRF Units on issue (or 27.68% excluding the Treasury Units).</p> <p>Further details in relation to IMC are set out in the Bidder's Statement.</p>
<p>What is the Bidder's Statement?</p>	<p>The Bidder's Statement is the document setting out the terms of, and other information relating to, the Offer. LRF Unitholders will have received a copy of the Bidder's Statement with this Target's Statement.</p>
<p>What is this Target's Statement?</p>	<p>This Target's Statement has been prepared by LRF and provides LinQ Capital's response to the Offer, including the unanimous recommendation of your Independent Directors to accept the Offer in the absence of a superior proposal.</p>
<p>What choices do I have as a LRF Unitholder?</p>	<p>As a LRF Unitholder, you have the following choices in respect of your LRF Units:</p> <ul style="list-style-type: none"> <li>• accept the Offer;</li> <li>• sell your LRF Units on the ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or</li> <li>• do nothing.</li> </ul> <p>There are several implications in relation to each of the above choices. A summary of these implications is set out in section 2 of this Target's Statement.</p>

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Question	Answer
What are the Independent Directors recommending?	<p>Each Independent Director recommends that you accept the Offer in the absence of a superior proposal.</p> <p>Each of Clive Donner and Richard Procter have abstained from making any recommendation as to whether LRF Unitholders should accept the Offer due to their role with LinQ Management.</p>
How do I accept the Offer?	<p>Details of how to accept the Offer are set out in section 3 of this Target's Statement and section 8.3 of the Bidder's Statement.</p>
What are the consequences of accepting the Offer now?	<p>If you accept the Offer, unless withdrawal rights are available (see below), you will give up your right to sell your LRF Units on the ASX or otherwise deal with your LRF Units while the Offer remains open.</p>
If I accept the Offer, can I withdraw my acceptance?	<p>You may withdraw your acceptance at any time until the FIRB Condition of the Offer has been fulfilled.</p> <p>Once the FIRB Condition is satisfied, you may only withdraw your acceptance if IMC varies the Offer in a way that postpones the time when IMC is required to satisfy its obligations by more than one month.</p> <p>See section 4.7 of this Target's Statement for further details.</p>
When does the Offer close?	<p>The Offer is presently scheduled to close at 7.00pm (Sydney time) on 5 November 2012, but the Offer Period can be extended in certain circumstances.</p> <p>See section 4.4 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.</p>

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Question	Answer
What are the conditions to the Offer?	<p>The Offer is subject to a number of conditions.</p> <p>The key conditions include:</p> <ul style="list-style-type: none"> <li>• a 90% minimum acceptance condition;</li> <li>• LinQ Capital 2 accepting the Offer in respect of the Treasury Units;</li> <li>• the S&amp;P/ASX 300 Resources Index not falling below 3504 for 3 consecutive trading days;</li> <li>• FIRB approval;</li> <li>• no adverse regulatory matters;</li> <li>• no material adverse change occurring;</li> <li>• no 'prescribed occurrences'; and</li> <li>• the NTA of LRF not falling below \$0.765 per LRF Unit.</li> </ul> <p>See section 4.2 for further information on the conditions of the Offer.</p>
What happens if the conditions of the Offer are not satisfied or waived?	<p>If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse. You would then be free to deal with LRF Units even if you had accepted the Offer.</p>
How does this Offer affect the Delisting Proposal?	<p>The LRF Unitholder meeting to be held at 10.00am on 17 September 2012 has been adjourned to a time and place to be determined by the Chairman, pending the outcome of the Offer.</p> <p>The Delisting Proposal will only proceed if the Offer is unsuccessful and if the Delisting Proposal is approved by LRF Unitholders at a LRF Unitholders' meeting.</p>
How does this Offer differ from the Delisting Proposal?	<p>The Delisting Proposal, if approved, would have resulted in LRF being delisted from ASX.</p> <p>The meeting documentation for the Delisting Proposal also referred to the fact that LRF Unitholders would have the opportunity to redeem units equating to a value of up to 20% of the total NTA of LRF at NTA. Following the initial redemption offer there would be subsequent opportunities to participate in annual redemptions (commencing 9 December 2013) of up to 10% of the total NTA of LRF at NTA.</p> <p>In contrast, the Offer allows all LRF Unitholders to receive a certain cash amount now at a discount to NTA, for all of their LRF Units.</p>

Question	Answer
<p>What happens to the redemption offers that were part of the Delisting Proposal?</p>	<p>The initial and annual redemption offers referred to in the meeting documentation relating to the Delisting Proposal were conditional upon the Delisting Proposal being approved.</p> <p>The LRF Unitholder meeting to consider the Delisting Proposal has been adjourned to a time and place to be determined by the Chairman, pending the outcome of the Offer. Accordingly, there is no ability for LRF Unitholders to have their LRF Units redeemed through the redemption offers at this point.</p> <p>The date for electing to participate in the initial redemption offer has been extended to a date after the close of the Offer.</p> <p>LRF Unitholders that have already elected to participate in the initial redemption offer may still accept IMC's Offer.</p>
<p>What are IMC's intentions in relation to LRF?</p>	<p>IMC has made a cash offer for 100% of the LRF Units which it does not already own. The Offer is subject to a number of conditions which are summarised in section 4.2.</p> <p>Once IMC holds at least 50.1% of the LRF Units and the Offer becomes unconditional, a meeting of LRF Unitholders will be held to replace LinQ Capital as the responsible entity of LRF.</p> <p>Once IMC has received acceptances of 90%, it intends to proceed to compulsory acquisition. When all the LRF Units have been acquired pursuant to compulsory acquisition, LRF will be delisted from ASX.</p> <p>See section 4 of the Bidder's Statement for full details regarding IMC's intentions.</p>
<p>When will I be sent my consideration if I accept the Offer?</p>	<p>If you accept the Offer, you will have to wait for the Offer to become unconditional before you will be sent your consideration from IMC.</p> <p>You will be issued your consideration on or before the later of:</p> <ul style="list-style-type: none"> <li>• 7 days after the date the Offer becomes or is declared unconditional; and</li> <li>• 7 days after the date you accept the Offer if the Offer is, at the time of your acceptance, unconditional.</li> </ul> <p>See section 4.8 of this Target's Statement for further details on when you will be sent your consideration.</p>

<b>Question</b>	<b>Answer</b>
What are the tax implications of accepting the Offer?	A general outline of the tax implications of accepting the Offer is set out in section 6 of the Bidder's Statement.  As the outline is a general outline only, LRF Unitholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.
Is there a number that I can call if I have further queries in relation to the Offer?	If you have any further queries in relation to the Offer, you can call the LRF Offer Information Line on 1300 551 627 (for calls made from inside Australia) or +61 2 8280 7709 (for calls made from outside Australia).  Calls to this number may be recorded.

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## 2 Your choices as a LRF Unitholder

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Your Independent Directors recommend that you accept the Offer in the absence of a superior proposal.

However, as a LRF Unitholder you have three choices currently available to you:

(a) **Accept the Offer**

LRF Unitholders may elect to accept the Offer to receive \$0.70 for each LRF Unit they hold.

Details of how to ACCEPT the Offer are set out in section 3 of this Target's Statement and section 8.3 of the Bidder's Statement.

If you accept the Offer, unless withdrawal rights are available, you will give up your right to sell your LRF Units on the ASX or otherwise deal with your LRF Units while the Offer remains open, including the acceptance of any Competing Proposal.

You may only withdraw your acceptance if:

- the condition that IMC obtain Foreign Investment Review Board approval to complete the Offer has not been fulfilled; or
- IMC varies the Offer in a way that postpones the time when IMC is required to satisfy its obligations by more than one month. This will occur if IMC extends the Offer Period by more than one month and the Offer is still subject to conditions.

LRF Unitholders who accept the Offer may be liable for CGT or income tax on the disposal of their LRF Units (see section 6 of the Bidder's Statement). However, they will not incur any brokerage charge.

(b) **Sell your Units on market**

If you have not already accepted the Offer, you can sell your LRF Units on market for cash.

On 26 September 2012, the LRF Unit price closed at \$0.675, a 3.57% discount to IMC's offer price of \$0.70 per LRF Unit. The latest price for LRF Units may be obtained from the ASX website [www.asx.com.au](http://www.asx.com.au).

LRF Unitholders who sell their LRF Units on market may be liable for CGT on the sale (see section 6 of the Bidder's Statement) and may incur a brokerage charge.

LRF Unitholders who wish to sell their LRF Units on market should contact their broker for information on how to effect that sale.

(c) **Do nothing**

LRF Unitholders who do not wish to accept the Offer or sell their LRF Units on market should do nothing.

LRF Unitholders should note that if IMC and its Associates have a relevant interest in at least 90% of the LRF Units during or at the end of the Offer Period, IMC will be entitled to compulsorily acquire the LRF Units that it does not already own (see section 6.10 of this Target's Statement for further details).

If your LRF Units are compulsorily acquired by IMC, that will be on the same terms as the Offer (including the same consideration for each LRF Unit acquired). You will, however, receive the consideration later than the LRF Unitholders who choose to accept the Offer during the Offer Period.

### 3 How to ACCEPT the Offer

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If you decide to accept the Offer, your acceptance must be received before the close of the Offer Period at 7.00pm (Sydney time) on 5 November 2012 unless the Offer Period is extended in accordance with the Corporations Act.

You should read this Target's Statement and the Bidder's Statement before making a decision on whether or not to accept the Offer.

Depending on the nature of your holding, you may accept the Offer in the following ways:

<p>For Issuer Sponsored Holdings of LRF Units (Securityholder Reference Number beginning with 'I')</p>	<p>Complete the applicable Acceptance Form (included with the Bidder's Statement) in accordance with the instructions on it and return it in the reply paid envelope enclosed with the Bidder's Statement or to an address on the applicable Acceptance Form together with all other documents required by the instructions on the Acceptance Form.</p>
<p>For CHESS Holders of LRF Units (Holder Identification Number beginning with 'X')</p>	<p>Contact your Controlling Participant (usually your broker) in accordance with the sponsorship agreement between you and the Controlling Participant to initiate acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules, so as to be effective before the end of the Offer Period.</p> <p>or</p> <p>Complete the applicable Acceptance Form (included with the Bidder's Statement) in accordance with the instructions on it and return it in the reply paid envelope enclosed with the Bidder's Statement or to an address on the applicable Acceptance Form together with all other documents required by the instructions on the Acceptance Form. This will authorise IMC to initiate, or alternatively to instruct your Controlling Participant to initiate, acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period. You must ensure that the Acceptance Form (and other required documents) are received in sufficient time for IMC to instruct your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period.</p> <p>or</p> <p>If you are the Controlling Participant in respect of your LRF Units, to accept this Offer, you must yourself initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.</p>

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## 4 Summary of the Offer

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### 4.1 Summary of the Offer

The consideration being offered by IMC is \$0.70 for each LRF Unit it does not already own.

IMC announced its intention to make a takeover bid for LRF on 13 September 2012. A copy of LinQ Capital's announcement is contained in Annexure A of the Bidder's Statement.

IMC's Offer is open for acceptance until 7.00pm (Sydney time) on 5 November 2012, unless it is extended or withdrawn (sections 4.4 and 4.5 of this Target's Statement describe the circumstances in which IMC can extend or withdraw its Offer).

### 4.2 Conditions of the Offer

The Offer is subject to a number of conditions. Those conditions are set out in full in section 8.5 of the Bidder's Statement.

By way of broad overview, the conditions to the Offer are:

- (a) **Minimum acceptance:** IMC and its Associates together have Relevant Interests in at least 90% (by number) of the LRF Units (disregarding any Relevant Interests that IMC has as a result of the operation of section 608(3)(a) of the Corporations Act);
- (b) **Treasury Units:** Within 3 weeks of the opening of the Offer, LinQ Capital 2 accepts the Offer in respect of the Treasury Units.
- (c) **Index:** The S&P/ASX 300 Resources Index does not close below 3504 for 3 consecutive trading days before the end of the Offer Period.
- (d) **Foreign Investment Review Board:** Before the end of the Offer Period, the Treasurer of the Commonwealth of Australia either:
  - (1) issues a notice stating that the Commonwealth Government does not object to IMC acquiring 100% of LRF Units under the Offer; or
  - (2) is precluded from making an order in respect of the entry into or completion by IMC of the Offer under the *Foreign Acquisitions and Takeovers Act 1975* (Cth).
- (e) **No action by government agency:** Before the end of the Offer Period:
  - (1) there is not in effect any preliminary or final decision, order or decree issued by a government agency;
  - (2) no action or investigation is instituted by any government agency; and
  - (3) no application is made to any government agency (other than by IMC), or action or investigation is announced, threatened or commenced by a government agency,in consequence of, or in connection with, the Offer, which:
  - (4) restrains, prohibits or impedes or otherwise materially adversely impacts upon, the making of the Offer or the rights of IMC in respect of the LRF Units to be acquired under the Offer; or
  - (5) requires the divesture by IMC of any LRF Units or the divesture of any assets of LRF.
- (f) **No material adverse change:** There is no event giving rise to a material adverse financial effect in relation to LRF which results in LRF being unable to operate as an investment fund or LinQ Capital being unable to operate as responsible entity.
- (g) **NTA:** Before the end of the Offer Period, the NTA per LRF Unit does not fall below \$0.765.

- (h) **No prescribed occurrences:** No event that is a 'prescribed occurrence' occurs, such as LRF resolving to be wound up.
- (i) **No amendments to LRF Constitution and LRF2 Trust Deed:** Before the end of the Offer Period, LRF does not amend the LRF Constitution and LRF2 does not amend the LRF2 Trust Deed.

As at the date of this Target's Statement, LRF is not aware of any act, omission, event or fact that would result in any of the conditions to the Offer being triggered.

### 4.3 Notice of Status of Conditions

Section 8.6 of the Bidder's Statement indicates that IMC will give a Notice of Status of Conditions to the ASX and LinQ Capital on 26 October 2012.

IMC is required to set out in its Notice of Status of Conditions:

- whether the Offer is free of any or all of the conditions;
- whether, so far as IMC knows, any of the conditions have been fulfilled; and
- IMC's voting power in LRF.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, IMC is required, as soon as practicable after the extension, to give a notice to the ASX and LRF that states the new date for the giving of the Notice of Status of Conditions.

If a condition is fulfilled (so that the Offer becomes free of that condition) during the bid period but before the date on which the Notice of Status of Conditions is required to be given, IMC must, as soon as practicable, give the ASX and LRF a notice that states that the particular condition has been fulfilled.

### 4.4 Extension of the Offer Period

IMC may extend the Offer Period at any time before giving the Notice of Status of Conditions (referred to in section 4.3 in this Target's Statement) while the Offer is subject to conditions. However, if the Offer is unconditional (that is, all the conditions are fulfilled or freed), IMC may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- IMC improves the consideration offered under the Offer; or
- IMC's voting power in LRF increases to more than 50%.

If either of these 2 events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

### 4.5 Withdrawal of Offer

IMC may not withdraw the Offer if you have already accepted it. Before you accept the Offer, IMC may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

### 4.6 Effect of acceptance

The effect of acceptance of the Offer is set out in section 8.4 of the Bidder's Statement. LRF Unitholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the Rights attaching to their LRF Units and the representations and warranties which they give by accepting the Offer.

#### **4.7 Your ability to withdraw your acceptance**

You have limited rights to withdraw your acceptance of the Offer. You may only withdraw your acceptance of the Offer if:

- the condition that IMC obtain Foreign Investment Review Board approval has not, at the time of your purported withdrawal, been fulfilled; or
- IMC varies the Offer in a way that postpones, for more than one month, the time when IMC needs to meet its obligations under the Offer. This will occur if IMC extends the Offer Period by more than one month and the Offer is still subject to conditions.

#### **4.8 When you will receive your consideration if you accept the Offer**

IMC has agreed to pay the consideration under the Offer faster than the timeframes provided for under the Corporations Act.

You will be paid your consideration on or before the later of:

- 7 days after the date the Offer becomes or is declared unconditional; and
- 7 days after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional.

Full details of when you will be issued your consideration are set out in section 8.7 of the Bidder's Statement.

#### **4.9 Effect of an improvement in consideration on unitholders who have already accepted the Offer**

If IMC improves the consideration offered under its takeover bid, all LRF Unitholders, whether or not they have accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

#### **4.10 Consequences of IMC acquiring less than 90%**

IMC's Offer is presently subject to a 90% minimum acceptance condition which, if fulfilled (and all the other conditions are fulfilled or freed), will entitle it to compulsorily acquire all outstanding LRF Units. IMC has the right to free its Offer from the 90% minimum acceptance condition. IMC indicated in the Bidder's Statement that it has no current intention to waive the 90% minimum acceptance condition.

If IMC waives the 90% minimum acceptance condition and acquires more than 50% but less than 90% of the LRF Units then, assuming all other conditions to the Offer are satisfied or waived, IMC will acquire a majority unitholding in LRF.

In such circumstances, LRF Unitholders who do not accept the Offer will become minority unitholders in LRF. This has a number of possible implications, including:

- IMC will be in a position to cast the majority of votes at a general meeting of LRF. This will enable it to control the appointment of the responsible entity of LRF. Under the Bid Implementation Agreement, LinQ Capital has agreed to retire as the responsible entity of LRF if the bid is unconditional and IMC acquires a Relevant Interest in LRF Units of at least 50.1%;
- the LRF Unit price may fall immediately following the end of the Offer Period and it is unlikely that LRF's Unit price will contain any takeover premium;
- even if LRF remains listed on the ASX, the market for LRF Units may be less liquid and less active;
- if the number of LRF Unitholders is less than that required by the ASX Listing Rules to maintain an ASX listing then IMC may seek to have LRF removed from the official list of the ASX. If this occurs, LRF Units will not be able to be bought or sold on the ASX;

- future LRF distribution policy under the management of IMC may vary, possibly significantly from current LRF distribution policy; and
- if IMC acquires 75% or more of the LRF Units it will be able to pass a special resolution of LRF. This will enable IMC to, among other things, change LRF's constitution.

Full details of IMC's intentions if it acquires less than 90% of the LRF Units are set out in section 4.3 of the Bidder's Statement.

#### **4.11 Consequences of IMC acquiring less than 50.1%**

If IMC increases its holding in LRF through the Offer but acquires less than 50.1% of the LRF Units, IMC will remain a minority LRF Unitholder. In such circumstances:

- IMC will not be able to control the appointment of the responsible entity of LRF;
- IMC will be able to exert a degree of control or influence on LRF commensurate with its unitholding. The level of control IMC will be able to exert at general meetings of LRF will also depend on the number of LRF Unitholders present;
- the LRF Unit price may fall immediately following the end of the Offer Period and it will be less likely that LRF's Unit price will contain any takeover premium; and
- the market for LRF Units may be less liquid.

Full details of IMC's intentions if it acquires less than 50.1% of the LRF Units are set out in section 4.4 of the Bidder's Statement.

## 5 Information about LRF and IMC

### 5.1 Information on LRF

#### (a) Overview

LRF is a registered management investment scheme that specialises in investments in higher growth junior resources companies through both equity and debt instruments. LRF has been listed on the ASX since 20 January 2005.

The responsible entity of LRF is LinQ Capital. LRF has appointed LinQ Management under the Investment Management Agreement to manage LRF.

LRF's investment strategy is to identify small to medium sized resource companies in Australia and overseas with market capitalisations generally below \$3 billion and which have the potential for superior returns. This investment strategy is based on both passive and active investment types.

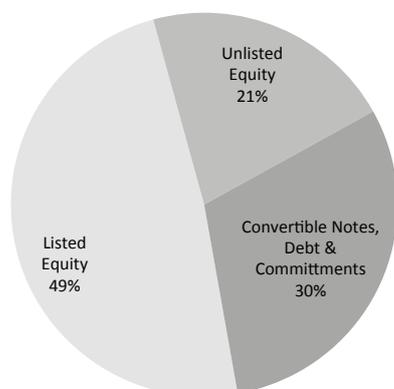
LRF invests in companies at all stages of development - from exploration through to production in a wide variety of mineral commodities, in particular (but not limited to) precious metals, base metals, bulk minerals (potash and iron ore) and energy (coal and uranium). Investments are typically held longer term. LRF utilises a variety of investment instruments which assist in risk mitigation, such as convertible notes and structured finance, whilst providing an income stream. LRF also holds investments in joint ventures, royalties and provides inventory financing.

As at 31 August 2012, the fund's investments are predominantly illiquid and more than 50% of the invested portfolio is held in unlisted shares and debt related structured investments. In addition, a further 61% of the listed shares held in the portfolio represent smaller companies with market capitalisations of less than \$150 million. The pie charts below reflect the demographics of the invested portfolio (including commitments and excluding cash).

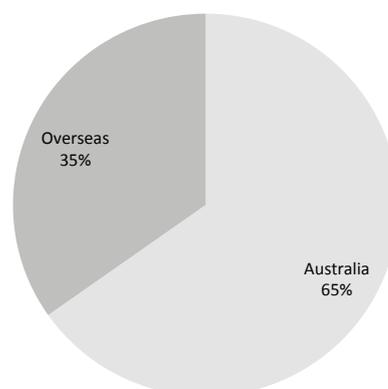
#### (b) LRF's investments

A summary of LRF's exposure by location, commodity, instrument, and project stage as at 31 August 2012 is set out below.

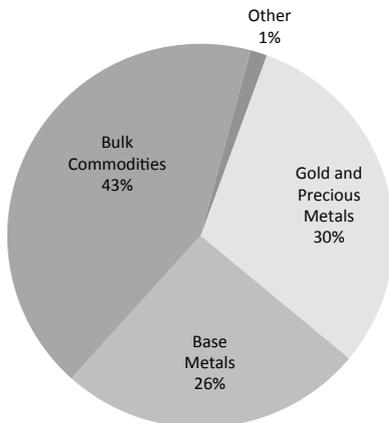
**Chart 3. Exposure by instrument**



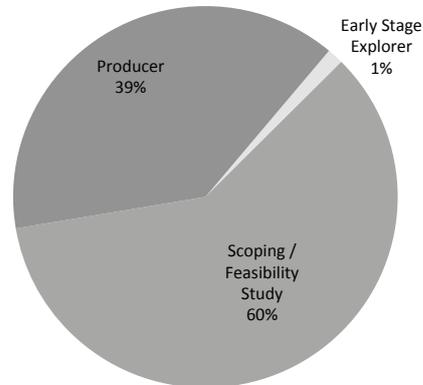
**Chart 4. Geographical exposure**



**Chart 5. Exposure by commodity**



**Chart 6. Exposure by project stage**



Note: Percentages based on value of investments in portfolio.

The top 5 investments of LRF (by value) at 31 August 2012 are:

- Millennium Minerals Ltd;
- Ferrous Resources Ltd;
- Termite Resources NL;
- Zambezi Resources Ltd; and
- Newcrest Mining Ltd.

## 5.2 Information on IMC

IMC is a wholly owned subsidiary (via interposed entities) of IMC Pan Asia Alliance Corporation (**IMC Pan Asia**), a company incorporated and registered in the British Virgin Islands.

IMC Pan Asia is the ultimate holding company of the IMC group of companies (**IMC Group**). The IMC Group is privately owned with a diverse range of business interests worldwide. The IMC Group's key interests include investments, industries and lifestyle/real estate.

Currently headquartered in Singapore, the IMC Group also has offices in China, Thailand, Malaysia, Indonesia and Australia, as well as representative offices in Japan, Korea, Hong Kong, India and the Philippines.

IMC's Bidder's Statement indicates that IMC will have access to sufficient funds to enable it to fund the cash consideration payable under the Offer.

Further details in relation to IMC are set out in section 2 of the Bidder's Statement and further details in relation to IMC's funding arrangements are set out in section 5 of the Bidder's Statement.

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## 6 Additional information

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### 6.1 Agreements relating to the Offer

On 12 September 2012, LinQ Capital and IMC entered into the Bid Implementation Agreement pursuant to which IMC proposed to make an off-market takeover bid for the LRF Units which it does not already own.

A copy of the Bid Implementation Agreement was lodged with ASX on 13 September 2012 and can be obtained from [www.asx.com.au](http://www.asx.com.au).

A summary of the key terms of the Bid Implementation Agreement is set out below. This is a summary only and is subject to the final terms of the Bid Implementation Agreement.

#### (a) Exclusivity

The Bid Implementation Agreement contains certain exclusivity arrangements. A summary of the exclusivity arrangements is set out below:

- (1) **No shop:** During the Exclusivity Period, LinQ Capital must not, and must ensure that each of its Representatives does not, solicit, invite, encourage or initiate any discussions in relation to the making of a Competing Proposal.
- (2) **No talk:** During the Exclusivity Period, LinQ Capital must not, and must ensure that each of its Representatives does not, participate in any discussions in relation to a proposal by a person to make a Competing Proposal or in any discussions that may lead to the receipt of a Competing Proposal (except where the Board has determined in good faith that the Competing Proposal is or is likely to be a superior proposal or that refusing to respond to such Competing Proposal would be likely to constitute a breach of the fiduciary duties owed by the Directors).
- (3) **Notification:** During the Exclusivity Period, LinQ Capital must immediately notify IMC if it receives notice of a Competing Proposal from any third party prior to the end of the Offer Period, including full details of the Competing Proposal.
- (4) **Recommendation of a Competing Proposal:** If LinQ Capital receives a Competing Proposal, LinQ Capital must:
  - not enter into an agreement in relation to the Competing Proposal with a third party; and
  - must use its best endeavours to procure that none of its Directors change their recommendation in favour of the Offer to recommend a Competing Proposal,unless LinQ Capital has given 5 business days notice of the proposed action to IMC with all material terms of the Competing Proposal. During the 5 business days notice, IMC has the right to offer a matching or superior proposal to LinQ Capital.

#### (b) Break fee

- (1) Payment of break fee by LRF

Under the Bid Implementation Agreement, LRF will be obliged to pay IMC a break fee of \$800,000 if:

- during the Exclusivity Period, any of the Independent Directors ceases to recommend the Offer, except in circumstances where a superior proposal emerges;
- during the Exclusivity Period, the Board or any Director recommends that LRF Unitholders accept, vote in favour or otherwise support a Competing Proposal;

- a Competing Proposal of any kind is announced during the Exclusivity Period and within 6 months from the date of such announcement, the third party, or any Associate of that third party:
  - completes a Competing Proposal (excluding directly or indirectly acquiring an interest of more than 20% of LRF Units); or
  - acquires a Relevant Interest in more than 50% of the LRF Units;
- LinQ Capital or any of its Directors does anything which results in any of the conditions of the Offer being breached or becoming incapable of being fulfilled and IMC declares the Offer free of the breached conditions; or
- during the Exclusivity Period, there is a material breach of the Bid Implementation Agreement by LinQ Capital and that breach is not remedied within 10 Business Days after IMC gives LinQ Capital written notice.

(2) Payment of break fee by IMC

IMC is obliged to pay LinQ Capital a break fee of \$800,000 if there is a material breach of the Bid Implementation Agreement by IMC and that breach is not remedied within 10 Business Days after LinQ Capital gives IMC written notice.

(c) **Retirement of LinQ Capital**

At any time after the earlier of the following occurs:

- if the Offer is unconditional, IMC acquires a Relevant Interest in at least 50.1% of the LRF Units; or
- if IMC acquires a Relevant Interest in at least 50.1% of the LRF Units before the Offer becomes unconditional, the Offer becomes unconditional,

LinQ Capital must call a meeting of unitholders to vote on a resolution to appoint a nominee of IMC as the replacement responsible entity. On the date the resolution approving the retirement of LinQ Capital as responsible entity of LRF is passed, the Investment Management Agreement with LinQ Management will be terminated and LinQ Capital will pay LinQ Management the Termination Payment out of LRF. See section 6.3 below for further information regarding these arrangements.

**6.2 Directors of LinQ Capital**

As at the date of this Target's Statement, the directors of LinQ Capital are:

Name	Position
Bruno Camarri AM	Non-executive Chairman
Clive Donner	CEO, Managing Director
Graham Fariss	Non-executive Director
Nicholas Lattimore	Non-executive Director
Richard Procter	Executive Director

### 6.3 Termination of the Investment Management Agreement

Under the Constitution, LinQ Capital is entitled to the management fee and a performance fee for managing the fund. LinQ Capital engaged LinQ Management to manage the LRF pursuant to the Investment Management Agreement, as LinQ Capital is entitled to do under the constitution.

As noted in section 6.1(c) above, if:

- the Offer is unconditional, IMC acquires a Relevant Interest in at least 50.1% of the LRF Units; or
- if IMC acquires a Relevant Interest in at least 50.1% of the LRF Units before the Offer becomes unconditional, the Offer becomes unconditional,

LinQ Capital must call a meeting of LRF Unitholders to vote on a resolution to appoint a nominee of IMC as the replacement responsible entity.

On the date the resolution approving the retirement of LinQ Capital as responsible entity of LRF is passed, LinQ Management shall be paid out of LRF, \$4,500,000 (plus any applicable GST) less:

- any fees, amounts or other entitlements paid or payable (in each case excluding any applicable GST) directly or indirectly out of LRF or LRF2 to any member of the LinQ Group between the date of the BIA and the date the termination payment is made,

but not less:

- any amounts for which LinQ Capital is entitled to be reimbursed in accordance with Part 3 of Schedule 5 of the LRF Constitution (being the responsible entity's cost reimbursement provisions) and which amounts are not paid to and retained by a member of the LinQ Group for their own benefit,

(the **Termination Payment**).

The Termination Payment is therefore, effectively the amount of \$4.5 million less any fees received by LinQ Management under the Investment Management Agreement between the date of the Bid Implementation Agreement and the date of the Termination Payment being made.

The Termination Payment is designed to compensate LinQ Management for the early termination of the Investment Management Agreement and consequent loss of contracted management fees, potential performance fees and likely extensions of the term of the Investment Management Agreement. LinQ Management and its Related Bodies Corporate will release LinQ Capital from all claims under the Investment Management Agreement and any other arrangements and LinQ Capital will provide an equivalent release to LinQ Management and its Related Bodies Corporate.

LinQ Management is controlled by Clive Donner, a director of LinQ Capital. Mr Donner is also an executive of LinQ Management. Richard Procter, a director of LinQ Capital is an executive of LinQ Management. Due to their respective relationships with LinQ Management, each of Clive Donner and Richard Procter do not consider it appropriate for them to make, and they decline to make, a recommendation as to whether LRF Unitholders should accept the Offer.

**6.4 Interests and dealings in LRF securities****(a) Interests in LRF Units**

As at the date of this Target's Statement, your directors had the following relevant interests in LRF Units:

<b>Director</b>	<b>Number of LRF Units</b>
Bruno Camarri AM	179,693
Clive Donner	1,284,844
Graham Fariss	200,501
Nicholas Lattimore	59,999
Richard Procter	18,000
<b>Total</b>	<b>1,743,037</b>

**(b) Dealings in LRF Units and Options**

No director of LinQ Capital has acquired or disposed of a relevant interest in any LRF Units in the 4 month period ending on the date immediately before the date of this Target's Statement other than the acquisitions by Bruno Camarri of 7,159 LRF Units and Clive Donner of 3,699 LRF Units on 31 August 2012 pursuant to LRF's distribution reinvestment plan.

**6.5 Interests and dealings in IMC securities****(a) Interests in IMC securities**

As at the date immediately before the date of this Target's Statement, no LinQ Capital director had a relevant interest in any IMC securities.

**(b) Dealings in IMC securities**

No director of LinQ Capital acquired or disposed of a relevant interest in any IMC securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

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## 6.6 Benefits and agreements

Other than pursuant to the arrangements relating to the termination of the Investment Management Agreement as discussed in section 6.3:

- as a result of the Offer, no person has been or will be 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 person, or someone else, from a board or managerial office of LRF or related body corporate of LRF;
- there are no agreements made between any director of LinQ Capital and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of LRF Units;
- none of the directors of LinQ Capital has agreed to receive, or is entitled to receive, any benefit from IMC which is conditional on, or is related to, the Offer; and
- none of the directors of LinQ Capital has any interest in any contract entered into by IMC.

## 6.7 Issued capital

As at the date of this Target's Statement, LRF's issued capital consisted of 183,579,209 fully paid ordinary units.

This includes the 67,640,071 Treasury Units, which are discussed in section 6.9 below.

## 6.8 Substantial holders

As at 26 September 2012, being the last practicable date prior to lodgement of this Target's Statement, the following persons are substantial holders of LRF Units as disclosed pursuant to substantial holding notices provided to LRF:

<b>LRF Unitholder</b>	<b>Number of LRF Units</b>
LinQ Capital No. 2 Pty Ltd	67,640,071
IMC	32,092,600
WA Local Government Superannuation Plan Pty Ltd	18,246,389
<b>Total</b>	<b>117,979,060</b>

## 6.9 Treasury Units

### (a) Background information on the Treasury Units

As stated above, there are 67,640,071 LRF Units on issue which are referred to as the Treasury Units. These are held by LinQ Capital 2 as trustee of LRF2, of which LRF is the sole beneficiary. The Treasury Units account for approximately 37% of the total LRF Units on issue.

The Treasury Units were acquired by LRF2 from certain arbitrage funds in 2008, following the receipt of the necessary unitholder approvals at the unitholder meeting that was held on 22 February 2008. The rationale for the acquisition of the Treasury Units was to remove the potential overhang that would result from the intended disposal of those units by the arbitrage funds and to better align LRF's investor base with its longer term investor horizon.

As stated in the LRF notice of meeting dated 21 January 2008, LRF2 intended to:

- on sell the Treasury Units at a narrower discount to NTA, or at a higher price, than that paid by LRF2 for the Treasury Units; or
- in the event the Treasury Units could not be on-sold, to redeem or cancel those units, subject to the resolution to amend the LRF constitution to allow that to occur being passed.

Shortly after the 2008 unitholder meeting, the global financial crisis commenced. This, combined with the low liquidity of LRF Units, has meant it has not been possible for LRF2 to sell the Treasury Units on market at a lower discount to NTA or a higher price than that paid by LRF2 for the Treasury Units.

In addition, the resolution to allow LRF to redeem or cancel the Treasury Units after their acquisition by LRF2 (which was a special resolution) was not passed. Therefore the Treasury Units have not been cancelled or redeemed at this point.

### (b) Treatment of Treasury Units under the Offer

Prior to the announcement of the Offer, IMC applied to ASIC for relief to modify section 661A(1)(b) of the Corporations Act to allow it to exclude the Treasury Units from the relevant thresholds for determining whether IMC will be permitted to compulsorily acquire the remaining LRF Units (the **ASIC Relief**).

IMC has advised that following preliminary discussions with ASIC, ASIC was unlikely to grant the ASIC Relief as the outcome sought by the application for relief could be achieved without the ASIC Relief, that is, through LinQ Capital 2 accepting the Offer in respect of the Treasury Units (see section 7.4 of the Bidder's Statement for more information).

The Bid Implementation Agreement provides that the Offer will be conditional on either the ASIC Relief being granted or LinQ Capital 2 accepting the Offer in respect of the Treasury Units occurring within 3 weeks of the Offer opening.

LinQ Capital 2 intends to accept the Offer for the Treasury Units within 3 weeks of the Offer opening, in the absence of a superior proposal.

## 6.10 Compulsory acquisition

IMC has indicated in section 4.2 of its Bidder's Statement that if it satisfies the required thresholds, it intends to compulsorily acquire any outstanding LRF Units.

IMC will be entitled to compulsorily acquire any LRF Units in respect of which it has not received an acceptance of its Offer on the same terms as the Offer if, during or at the end of the Offer Period:

- IMC and its associates have a relevant interest in at least 90% (by number) of the LRF Units; and

- 
- IMC and its associates have acquired at least 75% (by number) of the LRF Units that IMC offered to acquire (excluding LRF Units in which IMC or their associates had a relevant interest at the date of the Offer and also excluding LRF Units issued to an associate of IMC during the Offer Period).

Based on the number of LRF Units held by IMC, if IMC satisfies the requirement to have relevant interests in at least 90% (by number of the LRF Units), IMC will also satisfy the second bullet point above.

If the threshold is met, IMC will have one month after the end of the Offer Period within which to give compulsory acquisition notices to LRF Unitholders who have not accepted the Offer. LRF Unitholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant unitholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for their LRF Units. If compulsory acquisition occurs, LRF Unitholders who have their LRF Units compulsorily acquired are likely to be issued their consideration approximately 5 to 6 weeks after the compulsory acquisition notices are dispatched to them.

### **6.11 Effect of the takeover on LRF's material contracts**

To the best of LRF's knowledge, none of the material contracts to which LRF is a party contain change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer and which may have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses and prospects of LRF.

### **6.12 Material litigation**

LinQ Capital does not believe that it, as the responsible entity of LRF, is involved in any litigation or dispute which is material in the context of LRF taken as a whole.

### **6.13 Delisting Proposal**

The terms of the Delisting Proposal were set out in LRF's notice of meeting dated 22 August 2012.

Under the Delisting Proposal, LRF would be removed from the official list of ASX. In addition, LRF Unitholders would have an initial opportunity to redeem LRF Units equating to a value of up to 20% of the total NTA of LRF at NTA. Following the initial redemption offer there would be subsequent opportunities to participate in annual redemptions (commencing 9 December 2013) of up to 10% of the total NTA of LRF at NTA.

Upon a vote of LRF Unitholders at the meeting convened to consider the Delisting Proposal on 17 September 2012, the Unitholders Meeting was adjourned to a date to be advised at the close of the Offer.

While the Independent Directors unanimously consider the Offer to be superior to the Delisting Proposal for the reasons set out in the "Key Reasons to ACCEPT the Offer" section of this Target's Statement, if the Offer does not proceed for any reason, the Board reserves the right to reconvene the adjourned meeting of the LRF Unitholders and put the resolution for the Delisting Proposal to the vote.

### **6.14 Lapse of Offer**

The Offer will lapse if the Offer conditions are not freed or fulfilled by the end of the Offer Period; in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your LRF Units as you see fit.

## 6.15 Taxation consequences

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the Offer are set out in section 6 of the Bidder's Statement.

You should carefully read and consider the taxation consequences of accepting the Offer. The outline provided in the Bidder's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

## 6.16 Consents

Computershare Investor Services Pty Ltd (**Computershare**) has given, and has not withdrawn before the date of this Target's Statement, its consent to be named in this Target's Statement as LRF's security register in the form and context in which it is so named.

Freehills has given, and has not withdrawn before the date of this Target's Statement, its consent to be named in this Target's Statement as LinQ Capital's legal adviser in the form and context in which it is so named. Freehills has not advised on the laws of any foreign jurisdiction and has provided no tax advice in relation to any jurisdiction.

Gresham Advisory Partners Limited (**Gresham**) has given, and has not withdrawn before the date of this Target's Statement, its consent to be named in this Target's Statement as LinQ Capital's financial adviser in the form and context in which it is so named.

Neither Computershare, Freehills nor Gresham:

- have caused or authorised the issue of this Target's Statement;
- make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based; and
- take any responsibility for any part of this Target's Statement other than any reference to its name.

As permitted by ASIC Class Order 01/1543 this Target's Statement contains statements which are made, or based on statements made, in documents lodged by IMC with ASIC or given to the ASX, or announced on the Company Announcements Platform of the ASX, by IMC. Pursuant to the Class Order, the consent of IMC is not required for the inclusion of such statements in this Target's Statement. Any LRF Unitholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting the LRF Offer Information Line on 1300 551 627 (for calls made from within Australia) or +61 2 8280 7709 (for calls made from outside Australia).

As permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement contains Unit price trading data sourced from IRESS without its consent.

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## 6.17 No other material information

This Target's Statement is required to include all the information that LRF Unitholders and their professional advisers would reasonably require to make an informed assessment 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 director of LinQ Capital.

The directors of LinQ Capital are of the opinion that the information that LRF Unitholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information in the Bidder's Statement is not inconsistent with, or superseded by, information in this Target's Statement);
- the information contained in LRF's releases to the ASX, and in the documents lodged by LRF with ASIC before the date of this Target's Statement; and
- the information contained in this Target's Statement.

The directors of LinQ Capital have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate. However, the directors of LinQ Capital do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the directors of LinQ Capital have had regard to:

- the nature of the LRF Units;
- the matters that LRF Unitholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to unitholders' professional advisers; and
- the time available to LRF to prepare this Target's Statement.

## 7 Glossary and interpretation

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### 7.1 Glossary

The meanings of the terms used in this Target's Statement are set out below.

Term	Meaning
<b>\$, A\$ or AUD</b>	Australian dollar.
<b>Acceptance Form</b>	each acceptance form enclosed with the Bidder's Statement or, as the context requires, any replacement or substitute acceptance form provided by or on behalf of IMC.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning given in Division 2 of Part 1.2 of the Corporations Act.
<b>ASX</b>	ASX Limited.
<b>ASX Settlement Operating Rules</b>	the operating rules of ASX Settlement which govern the administration of the Clearing House Electronic Subregister System.
<b>Bid Implementation Agreement</b>	the bid implementation agreement entered into between IMC and LinQ Capital, dated 12 September 2012.
<b>Bidder's Statement</b>	the bidder's statement of IMC dated 27 September 2012.
<b>Board</b>	the board of directors of LinQ Capital.
<b>CGT</b>	capital gains tax.
<b>CHESS Holding</b>	the number of LRF Units which are registered on LRF's unit register being a register administered by ASX Settlement Pty Limited and which records uncertificated holdings of LRF Units.
<b>Competing Proposal</b>	<p>means any expression of interest, proposal, offer, transaction or arrangement by or with any person pursuant to which, if the expression of interest, proposal, offer, transaction or arrangement is entered into or completed substantially in accordance with its terms, would result in a person other than a member of the IMC Group:</p> <p>1 directly or indirectly acquiring an interest, a Relevant Interest in or become becoming the holder of:</p>

- more than 20% or more of the LRF Units; or
  - the whole or a substantial part or a material part of the business or property of any LinQ Fund Group Entity or the LinQ Fund Group (in either case when considered in aggregate);
- 2 acquiring Control of any LinQ Fund Group Entity;
  - 3 replacing LinQ Capital as the responsible entity of LRF; or
  - 4 otherwise directly or indirectly;
    - acquiring or merging with any LinQ Fund Group Entity, or having the right to so acquire or merge with; or
    - acquiring a significant economic interest in any LinQ Fund Group Entity or all or significant part of the business or assets of any LinQ Fund Group Entity,

in each case whether by way of takeover bid, scheme of arrangement, security holder- approved acquisition or resolution, reverse takeover bid, capital reduction, security buy-back, sale or purchase of assets, joint venture, dual listed company and/or trust structure, or other transaction or arrangement.

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<b>Control</b>	has the meaning given in section 50AA of the Corporations Act.
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<b>Controlling Participant</b>	has the meaning given in the ASX Settlement Operating Rules. Your Controlling Participant is likely to be a person, such as a broker, with whom you have a sponsorship agreement (within the meaning of the ASX Settlement Operating Rules).
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<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth) (as modified or varied by ASIC).
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<b>Delisting Proposal</b>	The proposal by the Board to delist LRF from the ASX as announced to ASX on 10 August 2012.
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<b>Exclusivity Period</b>	the period commencing on the date of the Bid Implementation Agreement and ending of the earlier of: <ol style="list-style-type: none"> <li>1 termination of the Bid Implementation Agreement; or</li> <li>2 the end of the Offer Period.</li> </ol>
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<b>FIRB Condition</b>	the condition contained in section 8.5(a)(iv) of the Bidder's Statement (and summarised in section 4.2 of this Target's Statement).
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<b>Holder Identification Number</b>	has meaning given in the ASX Settlement Operating Rules.
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<b>IMC</b>	IMC Resources Holdings Pte Ltd (a company incorporated in Singapore).
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<b>IMC Group</b>	means IMC and any of its Related Bodies Corporate.
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<b>Independent Directors</b>	Bruno Camarri AM, Nicholas Lattimore and Graham Fariss.
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<b>Investment Management Agreement</b>	the investment management agreement between LinQ Capital and LinQ Management, dated 11 October 2004.
<b>Issuer Sponsored Holding</b>	a holding of LRF Units on the Issuer Sponsored Subregister of LRF.
<b>Issuer Sponsored Subregister</b>	has the meaning given in the ASX Settlement Operating Rules.
<b>LinQ Capital</b>	LinQ Capital Limited ACN 098 197 258 in its capacity as responsible entity of LRF (unless otherwise stated).
<b>LinQ Capital 2</b>	LinQ Capital No. 2 Pty Ltd ACN 128 289 065.
<b>LinQ Fund Group</b>	LRF, LRF2, and their Subsidiaries, and where the context requires, LinQ Capital and LinQ Capital 2 as responsible entity or trustee of LRF and LRF2 respectively.
<b>LinQ Fund Group Entity</b>	any member of the LinQ Fund Group.
<b>LinQ Group</b>	LinQ Capital (in its own capacity and not in its capacity as the responsible entity of LRF) and its Related Bodies Corporate and Associates.
<b>LinQ Management</b>	LinQ Management Pty Ltd ACN 107 455 649.
<b>LRF</b>	LinQ Resources Fund ARSN 108 168 190.
<b>LRF Unitholder</b>	a holder of LRF Units.
<b>LRF Units</b>	units of LRF.
<b>LRF2</b>	LinQ Resources Fund No. 2 being a unit trust whose units are wholly owned by LRF.
<b>LRF2 Trust Deed</b>	the trust deed that established LRF2.
<b>NTA</b>	means the net tangible assets of LRF determined on the same basis as disclosed in the announcement made by LRF to ASX on 6 September 2012.
<b>Notice of Status of Conditions</b>	IMC's notice disclosing the status of the conditions to the Offer which is required to be given by section 630(3) of the Corporations Act.

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<b>Offer or IMC's Offer</b>	the offer by IMC to each LRF Unitholder to acquire all of the LRF Units on the terms and conditions set out in the Bidder's Statement.
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<b>Offer Period</b>	the period during which the Offer will remain open for acceptance in accordance with section 8.2 of the Bidder's Statement.
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<b>Related Bodies Corporate</b>	has the meaning given in section 50 of the Corporations Act.
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<b>Relevant Interest</b>	has the meaning given in sections 608 and 609 of the Corporations Act.
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<b>Representatives</b>	means, in respect to a person, the person's directors, officers, employees, agents, consultants and advisors.
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<b>Rights</b>	has the meaning given in section 9.1 of the Bidder's Statement.
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<b>Securityholder Reference Number</b>	means the number allocated by LRF to identify a LRF Unitholder on the Issuer Sponsored Subregister of LRF.
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<b>Target's Statement</b>	this document, being the statement of LRF under Part 6.5 Division 3 of the Corporations Act.
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<b>Termination Payment</b>	has the meaning given in section 6.3.
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<b>Treasury Units</b>	the 67,640,071 LRF Units held by LinQ Capital 2 as trustee of LRF2.
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## 7.2 Interpretation

In this Target's Statement:

- (1) Other words and phrases have the same meaning (if any) given to them in the Corporations Act.
- (2) Words of any gender include all genders.
- (3) Words importing the singular include the plural and vice versa.
- (4) An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.
- (5) A reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.
- (6) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.
- (7) Headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.

- (8) A reference to time is a reference to Sydney time.
- (9) A reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

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## 8 Authorisation

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This Target's Statement has been approved by a resolution passed by the directors of LinQ Capital Limited.

Signed for and on behalf of LinQ Capital Limited:

*date* 27 September 2012 \_\_\_\_\_

*sign here* ►  \_\_\_\_\_

*print name* Bruno Giovanni Camarri \_\_\_\_\_

*position* Chairman \_\_\_\_\_

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