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23 June 2017

Company Announcements Office
ASX Limited

Takeover Bid for EZA Corporation Limited: Target's Statement

In accordance with item 14 of subsection 633(1) of the *Corporations Act 2001* (Cth), attached is a copy of the Target's Statement of EZA Corporation Limited (ABN 59 151 155 734) (EZA) dated 23 June 2017 (Target's Statement) in response to the off-market cash takeover bid by Mercantile OFM Pty Ltd (Mercantile), a wholly owned subsidiary of Mercantile Investment Company Limited (ASX: MVT), for all the ordinary shares in EZA.

As detailed in the Target's Statement, the Directors of EZA recommend that shareholders **REJECT** the takeover bid by taking no action.

The Target's Statement has today been lodged with the Australian Securities & Investments Commission and sent to Mercantile.

Dispatch of the Target's Statement to EZA shareholders will be completed shortly.

For further information, please contact:

Mark Jones
Chairman
Mobile: +61 419 919 250



TARGET'S STATEMENT

by

EZA CORPORATION LIMITED

(ACN 151 155 734)

in relation to the offer by

MERCANTILE OFM PTY LIMITED

(ACN 120 221 623)

A wholly owned subsidiary of
Mercantile Investment Company Limited
(ACN 121 415 576)

To acquire your shares in EZA Corporation Limited

EZA's directors unanimously recommend

that you

REJECT

Mercantile OFM's Offer

THIS IS AN IMPORTANT DOCUMENT

If you do not understand it or are in doubt as to how to act, you should consult your lawyer, accountant, stockbroker or financial adviser immediately.



KEY REASONS TO REJECT THE OFFER

Your Directors unanimously recommend that you REJECT Mercantile OFM's Offer by TAKING NO ACTION, given:

The Offer insufficiently values the Company:

- 1. The Offer Price is below the net tangible asset backing per Share of \$0.1481**
- 2. The Offer Price provides no premium for control relative to the net tangible asset backing per Share**

The Offer is conditional

Funding for the Offer is uncertain. Accepting the Offer may expose you to credit risk associated with Mercantile OFM's ability to pay the Offer Price

Should the Offer become unconditional, accepting the all-cash Offer will deprive you of any opportunity to benefit from future exposure to potential EZA projects

Accepting the Offer precludes you from accepting a Superior Offer made by any third party (should one emerge during the Offer Period)

There may be tax implications if you accept the Offer

The full basis for the Directors' recommendation is provided in Section 1.3.

Letter from the Chairman of EZA Corporation

Dear Shareholder,

On 24 May 2017, Mercantile OFM Pty Ltd (**Mercantile OFM**), a wholly owned subsidiary of Mercantile Investment Company Limited (**Mercantile**), lodged its bidder's statement in respect of the Offer. This Target's Statement sets out your Directors' formal response to the Offer.

The Directors unanimously recommend that you REJECT Mercantile OFM's inadequate and highly opportunistic Offer.

The Offer is on substantially similar terms to the offer made by Mercantile OFM only months ago. Notably, the price payable by Mercantile OFM of \$0.1375 remains unchanged and at a discount to the net tangible backing of your Shares.

At 21 June 2017, the Company had a \$9,045,344 in Net Tangible Assets (NTA) comprising of \$8,764,200 cash, \$33,517 of receivables and \$285,000 in listed shares. This represents a NTA per share of 14.81 cents.

Following the successful completion of the sale of the ATM business on 31 October 2014 your Board has taken a disciplined, diligent and patient approach to the evaluation of new investment opportunities. Considerable time and effort from the Board together with patience from Shareholders has placed the Company in this enviable position. EZA is currently in negotiations with a private group regarding the acquisition of prospective exploration tenements in Australia. Discussions are advanced but ongoing and there is no guarantee that an acquisition will be finalised. Updates will be provided to shareholders as soon as available.

The Directors who have an interest in Shares currently intend to **REJECT** the Offer in respect of all their interests in Shares, given (amongst other things):

- The Offer Price of \$0.1375 insufficiently values EZA:
 - The Offer Price is **below the net tangible asset backing per Share of \$0.1481**.
 - The Offer Price provides **no premium for control** relative to net tangible asset backing per Share.
- The Offer is conditional. If the Offer Conditions are not satisfied or waived by the end of the Offer Period, the Offer will lapse.
- Accepting the Offer precludes you from accepting a Superior Offer made by any third party (should one emerge during the Offer Period). Mercantile OFM has stated that the Offer Price is first and final and therefore cannot be increased if a Superior Offer were to emerge.
- There may be tax implications if you accept the Offer.

Shareholders can **REJECT** the Offer by **TAKING NO ACTION**. Further information, including the detailed reasons for your Directors' recommendation, is set out in this Target's Statement.

In assessing whether or not to accept the Offer, you should consider the information provided to you in this Target's Statement, the risks and potential rewards of remaining a Shareholder versus a cash offer, and your own personal circumstances. I encourage you to read this document carefully. If you have any questions in relation to your position as a Shareholder I encourage you to seek either financial or legal advice without delay.

Yours faithfully,



Mark Jones
Non-Executive Chairman, EZA Corporation Limited

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Important Information

This is an important document. If you do not understand it or are in doubt as to how to act, you should consult your lawyer, accountant, stockbroker or financial adviser immediately.

Nature of this document

This Target's Statement is dated 23 June 2017 and is given under section 635 of the *Corporations Act 2001* (Cth) (**Corporations Act**) by EZA Corporation Limited ACN 151 155 734 (**EZA**) in response to the Bidder's Statement lodged by Mercantile OFM Pty Limited ACN 120 221 623 (**Mercantile OFM**), a wholly owned subsidiary of Mercantile Investment Company ACN 121 415 576 (**Mercantile**) with the Australian Securities and Investments Commission (**ASIC**) and served on EZA on 24 May 2017.

ASIC and ASX disclaimer

A copy of this Target's Statement has been lodged with ASIC and the Australian Securities Exchange (**ASX**). Neither ASIC or ASX nor any of their respective officers take any responsibility for the content of this Target's Statement.

No account of personal circumstances

The recommendations of the Directors contained in this Target's Statement do not take into account the individual investment objectives, financial situation or particular needs of each Shareholder. You may wish to seek independent professional advice before making a decision as to whether to accept or reject the Offer.

Defined terms

This Target's Statement uses a number of capitalised terms that are defined in Section 12 which also contains some of the rules of interpretation that apply to this Target's Statement.

Forward-looking statements

This Target's Statement contains various forward-looking statements. Statements other than statements of historical fact may be forward-looking statements. Shareholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of EZA. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward-looking statement.

None of EZA, its officers, any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any results, values, performances or achievements expressed or implied in any forward-looking statement, except to the extent required by law. Shareholders should not place undue reliance on any such statement.

The forward-looking statements in this Target's Statement on behalf of EZA only reflect views held as at the date of this Target's Statement.

Notice to foreign Shareholders

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

Information on Mercantile OFM and Mercantile in this Target's Statement

Except where disclosed otherwise, the information on Mercantile OFM and Mercantile in this Target's Statement has been obtained from the Bidder's Statement and other publicly available information. EZA and its Directors are unable to verify the accuracy or completeness of the information on Mercantile.

Subject to the Corporations Act, neither EZA, nor its officers make any representation or warranty, express or implied, regarding such information and disclaim any responsibility in respect of that information.

Privacy statement

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

EZA has also provided or will provide personal information about its Shareholders to Mercantile OFM in accordance with the Corporations Act and the ASX Settlement Operating Rules.

Key Points

- Mercantile OFM is offering \$0.1375 in cash for each Share you hold.
- The Directors recommend that you **REJECT** the Offer for your Shares. Accordingly, you should **TAKE NO ACTION**.
- The Directors who have an interest in Shares currently intends to reject the Offer in respect of their Shares. The Directors collectively hold approximately 16.2% of all Shares outstanding.
- On 24 May 2017, Mercantile OFM had a Relevant Interest in 6.95% of Shares.
- Your choices are to:
 - **REJECT** the Offer and do nothing; or
 - accept the Offer and transfer your Shares to Mercantile OFM for the Offer Price.
- If you do accept the Offer, you may not be able to participate in any Superior Offer or other offer that may emerge.
- The Offer will expire on 10 July 2017 (unless extended or withdrawn by Mercantile OFM beforehand).

Important Dates

Offer announced	24 May 2017
Offer Period commences	8 June 2017
Date of this Target's Statement	23 June 2017
Close of the Offer Period (unless extended or withdrawn)	10 July 2017

Reasons Why You Should REJECT the Offer

	Reference
The Offer Price insufficiently values EZA.	Section 1.3(a)
The Offer is subject to the Offer Conditions.	Section 1.3(b)
If you accept the Offer, you may be exposed to credit risk associated with Mercantile OFM's ability to pay the Offer Price.	Section 1.3(c)
If you accept the Offer and the Offer is unconditional, you will not have the opportunity to benefit from future exposure to potential EZA projects.	Section 1.3(d)
If you accept the Offer, you may be unable to accept a Superior Offer if one emerges.	Section 1.3(e)
There may be tax implications if you accept the Offer.	Section 1.3(f)

1. Recommendations of the Directors

1.1 Summary of the Offer

The consideration being offered by Mercantile OFM under the Offer is \$0.1375 in cash for each EZA Share you own. The Offer Price is the same as the offer price under Mercantile OFM's previous offer for your Shares which closed on 3 April 2017.

The Offer is subject to the Offer Conditions. Refer to Section 5.3 for further information for further information on the Offer Conditions.

The Offer Price values the equity of EZA at approximately \$8,396,958.

1.2 Directors recommendation

The Directors unanimously recommend you **REJECT** Mercantile OFM's Offer for your Shares.

In making this recommendation, each Director has considered the merits of the Offer and weighed up the factors for and against acceptance.

When making your decision, you should:

- (a) read the Bidder's Statement in its entirety;
- (b) read this Target's Statement in its entirety, in particular the risks of holding Shares, as set out in Section 8;
- (c) consider that the Offer gives you the opportunity to receive cash for your Shares at a premium to the trading prices of Shares prior to the Company's suspension on 7 December 2015; and
- (d) be aware of the consequences of becoming a minority Shareholder, as set out in Section 2.4.

The Directors' recommendation is given as at the date of this Target's Statement. The Directors reserve the right to change their recommendation should new circumstances arise or a Superior Offer emerge.

1.3 Key considerations for REJECTING the Offer

(a) The Offer Price insufficiently values EZA

- (i) The Offer Price of \$0.1375 is below the net tangible asset backing per Share of \$0.1481. At 21 June 2017, the Company had a balance of \$8,797,717 in liquid assets comprising of \$8,764,200 of cash and \$33,517 of receivables and 7,500,000 shares held in Emerald Resources NL.
- (ii) The Offer Price provides no for control relative to EZA's net tangible asset backing per Share.

(b) The Offer is subject to the Offer Conditions

The Offer is subject to the Offer Conditions. If you accept the Offer when it is still subject to one or more of the Offer Conditions you will not receive the Offer Price until the earlier of:

- (i) the date one month after the date the Offer becomes or is declared unconditional; and
- (ii) 21 days after the end of the Offer Period (assuming the Offer becomes or is declared unconditional).

During this period, unless withdrawal rights are available, you will give up your right to sell or otherwise deal with your Shares while the Offer remains open.

If the Offer Conditions are not satisfied or waived by the end of the Offer Period, the Offer will lapse and all acceptances of the Offer will be void and of no effect.

(c) Funding for the Offer is uncertain. If you accept the Offer, you may be exposed to credit risk

Accepting the Offer may expose you to credit risk associated with Mercantile OFM's ability to pay the Offer Price. Mercantile OFM appears to have no assets or cash of its own and is dependent on funding from Mercantile to pay the Offer Price to accepting Shareholders. If Mercantile OFM does not pay you the Offer Price in accordance with the terms of the Offer, your only recourse is against Mercantile OFM in the first instance, not Mercantile.

(d) If you accept the Offer and the Offer becomes unconditional, you will not have the opportunity to benefit from future exposure to potential EZA projects

The Board has extensively reviewed many projects and is constantly conducting due diligence on new opportunities. The Board is confident that an appropriate deal will be found for the Company and believes that persisting with this approach is in the best interests of all Shareholders. EZA is currently in negotiations with a private group regarding the acquisition of prospective exploration tenements in Australia. Discussions

are advanced but ongoing and there is no guarantee that an acquisition will be finalised. Updates will be provided to shareholders as soon as available.

Refer to Section 6.1 for further information on EZA and its evaluation of new projects.

(e) If you accept the Offer, you may be unable to accept a Superior Offer if one emerges

Accepting the all-cash Offer deprives you of any opportunity to benefit from future exposure to EZA's business and precludes you from accepting a Superior Offer from a third party (should one emerge during the Offer Period), unless withdrawal rights are available. As at the date of this Target's Statement, the Directors are not aware of a proposal by anyone to make a Superior Offer.

The Offer Price offered by Mercantile OFM under the Offer is first and final and will not be increased, even if a Superior Offer were to emerge.

(f) There may be tax implications for you if you accept the Offer

No capital gains scrip-for-scrip rollover relief is available under Mercantile OFM's cash Offer.

If you are an Australian resident for tax purposes, you may stand to make a capital gain by accepting the Offer and depending on your personal circumstances, you may be required to pay tax (in cash) on any gains.

Refer to section 7 of the Bidder's Statement and Section 10.1 for an overview of the tax consequences for accepting the Offer.

1.4 Rejection by Directors

As at the date of this Target's Statement, Directors Mark Jones and Douglas Rose have an interest in Shares currently and intend to reject the Offer in respect of their Shares. Collectively, Messrs Jones and Rose hold approximately 16.2% of all Shares outstanding.

The Directors' intention to reject the Offer in respect of their Shares is given as at the date of this Target's Statement. The Directors reserve the right to change their intention should new circumstances arise or a Superior Offer emerge.

1.5 Further developments

Should there be any developments during the Offer Period (for example, the emergence of a Superior Offer from another bidder) which would alter the Directors' recommendations in relation to the Offer, you will be notified through an ASX announcement and/or a supplementary Target's Statement.

2. Important information for Shareholders to consider

2.1 Information about EZA

Following the sale of the Company's ATM business on 31 October 2014 and the subsequent finalisation of the sale adjustments in April 2015, EZA continues to assess multiple investment opportunities, particularly in the resources sector. The Board is confident that it will be able to acquire a suitable project that will have large potential for growth. EZA is currently in negotiations with a private group regarding the acquisition of prospective exploration tenements in Australia. Discussions are advanced but ongoing and there is no guarantee that an acquisition will be finalised. Updates will be provided to shareholders as soon as available.

At 21 June 2017, the Company had a balance of \$8,797,717 in liquid assets comprising of \$8,764,200 of cash and \$33,517 of receivables and 7,500,000 shares held in Emerald Resources NL.

EZA has consistently reduced corporate expenditure in the last two years with the aim of carrying minimum overheads to preserve cash assets to pursue new opportunities.

Refer to Section 6 for further information on EZA.

2.2 Information about Mercantile OFM

Mercantile OFM is a wholly owned subsidiary of ASX listed Mercantile.

Section 7 of this Target's Statement and section 2 of the Bidder's Statement contains information about Mercantile OFM and Mercantile.

2.3 Mercantile OFM's funding of Offer

The funding of the Offer is uncertain and accepting the Offer may expose you to credit risk associated with Mercantile OFM's ability to pay the Offer Price. Section 7.4 of this Target's Statement and section 5 of the Bidder's Statement contains details of the arrangements that Mercantile OFM has made in relation to the funding of the cash consideration payable under the Offer.

2.4 Minority ownership consequences

The Offer is subject to the Offer Conditions. If Mercantile OFM does not acquire all of the Shares, and Mercantile is not able to compulsorily acquire the rest of the Shares under the Corporations Act, but acquires the majority of the Shares (i.e. more than 50% of Shares), there may be a number of possible implications for Shareholders, including:

- (a) Mercantile OFM may be in a position to cast the majority of votes at a general meeting of EZA. This will enable Mercantile OFM to control the composition of EZA's board of directors and senior management, determine EZA's business plans and dividend policy as well as to control the strategic direction of EZA;
- (b) Mercantile may be able to implement its current intention to use EZA as an investment entity;
- (c) if the Shares are re-instated to trading on the ASX, it is unlikely that the Share price will contain any takeover premium;
- (d) the liquidity of Shares may be lower than at present;
- (e) if the number of Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing, or under certain other circumstances, Mercantile OFM may seek to have EZA removed from the official list of the ASX. If this occurs, Shares will not be able to be bought or sold on the ASX; and
- (f) if Mercantile OFM acquires 75% or more of the Shares it may be able to pass special resolutions at meetings of Shareholders. This may enable Mercantile OFM to, among other things, change EZA's constitution.

If Mercantile OFM acquires 90% or more of the Shares it may be able to proceed to compulsory acquisition, wherein Shareholders who do not accept the Offer will still be entitled to receive the Offer Price for each EZA Share they hold. However, as a result of the need to complete the compulsory acquisition procedures set out in the Corporations Act, there is likely to be a delay of up to six weeks in the provision of that consideration, and therefore payment to Shareholders. Refer to Section 5.11 for further information.

As at the date of this Target's Statement, each Director who has an interest in Shares currently intends to reject the Offer in respect of their Shares. The Directors collectively hold approximately 16.2% of all Shares outstanding. On this basis, Mercantile OFM will not, during or at the end of the Offer Period, be able to acquire a Relevant Interest in at least 90% of the Shares.

Mercantile OFM's intentions in relation to EZA are detailed in section 4 of the Bidder's Statement.

2.5 Dividend issues for Shareholders

EZA has not paid a dividend to Shareholders since listing on the ASX. The Directors consider it unlikely that EZA will pay dividends in the 2017 or 2018 financial years.

2.6 Other alternatives to the Offer

As at the date of this Target's Statement, no other takeover offers (other than Mercantile OFM's Offer) have been made to acquire your Shares.

2.7 Considerations in favour of accepting the Offer

Mercantile OFM has set out its views on the considerations in favour of accepting the Offer in its Bidder's Statement.

The Directors encourage you to review the Bidder's Statement in its entirety.

2.8 Taxation Consequences of accepting the Offer

The taxation consequences of accepting the Offer depends 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 is set out in Section 10.1 of this Target's Statement and section 7 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 and the Target'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.

2.9 Company announcements

EZA is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules. Copies of announcements lodged with ASX can be obtained from the ASX's website at www.asx.com.au under the code "EZA" or from EZA's website at www.ezacorp.com.au.

3. Frequently Asked Questions

This Section is not intended to address all issues relevant to you. This Section should be read together with all other parts of this Target's Statement.

Question	Answer
Who is the bidder?	<p>Mercantile OFM Pty Limited, a wholly owned subsidiary of ASX listed Mercantile Investment Company Limited (ASX: MVT).</p> <p>Refer to Section 7 of this Target's Statement and section 2 of the Bidder's Statement for information on the Mercantile OFM and Mercantile.</p>
What is the Offer for my Shares?	<p>Mercantile OFM has made an off-market cash offer of \$0.1375 for each of your Shares.</p>
Is the Offer different to the offer made by Mercantile OFM which closed in April?	<p>No. The Offer is on the same terms as the offer made by Mercantile OFM, which closed unsuccessfully on 3 April 2017, including in relation to the Offer Price.</p>
What is the Bidder's Statement?	<p>The Bidder's Statement is the document prepared by Mercantile OFM which sets out the terms of the Offer. Mercantile OFM lodged its Bidder's Statement with ASIC on 24 May 2017. The Bidder's Statement was sent to each Shareholder registered as such at 7.00pm (AEDT) on 25 May 2017.</p>
What is the Target's Statement?	<p>This Target's Statement is the Board's formal response to the Offer, as required by the Corporations Act. Accordingly, this document has been prepared by EZA and contains important information to help you decide whether to accept the Offer.</p>
What choices do I have as a Shareholder?	<p>As a Shareholder you can:</p> <ul style="list-style-type: none">• REJECT the Offer by doing nothing. The Directors recommend that you REJECT the Offer by doing nothing; or• accept the Offer.
What are the Directors recommending?	<p>Your Directors unanimously recommend that you REJECT the Offer. The reasons for the Directors' recommendation are set out in Section 1.3.</p>
How do I accept the Offer?	<p>To accept the Offer, you should carefully follow the instructions in section 1.6 of the Bidder's Statement.</p> <p>Foreign Shareholders should be aware that if you accept the Offer you are not entitled to receive the Offer Price unless and until all requisite authorities or clearances have been obtained from the Reserve Bank of Australia and or the Australia Taxation Office. Mercantile OFM is under no obligation to spend any money, or undertake any action, in order to satisfy it of the eligibility of foreign Shareholders to receive the Offer Price.</p>
What do the Directors intend to do with their Shares?	<p>The Directors collectively hold approximately 16.2% of all Shares. The current intention of the Directors as at the date of this Target's Statement is to REJECT the Offer by taking no action.</p> <p>The Directors reserve the right to change their intention should new circumstances arise.</p>
Can the Offer Price be increased?	<p>The Offer Price is first and final and Mercantile OFM will not increase the Offer Price.</p>
What happens if a Superior Offer is made by a third party?	<p>If a Superior Offer is made by a third party, Shareholders who have already accepted the Offer at such time will not receive the benefit of the Superior Proposal made by the third party.</p> <p>As at the date of this Target's Statement, the Directors are not aware of a proposal by any other party to make a Superior Offer.</p>

Question	Answer
Is the Offer conditional?	<p>Yes. The Offer is subject to none of the following occurring during the period commencing on the Announcement Date and ending on the expiry of the Offer Period (each a separate condition):</p> <ul style="list-style-type: none"> the Shares or any shares of the Controlled Entities of EZA are converted into a larger or smaller number of shares; EZA or a subsidiary of EZA resolves to reduce its share capital in any way; EZA or a subsidiary of EZA: <ul style="list-style-type: none"> enters into a buy-back agreement; or resolves to approve the terms of a buy-back agreement under sections 257C or 257D of the Corporations Act; EZA or a subsidiary of EZA makes an issue of or grants an option to subscribe for any of its securities or agrees to make such an issue or grant such an option; EZA or a subsidiary of EZA issues or agrees to issue convertible notes; EZA or a subsidiary of EZA disposes or agrees to dispose of the whole or a substantial part of its business or property; EZA or a subsidiary of EZA grants or agrees to grant an Encumbrance over the whole or substantial part of its business or property; or an 'Insolvency Event' occurs with respect to EZA or a subsidiary of EZA (although 'Insolvency Event' is not defined in the Bidder's Statement).
What are the consequences of accepting the Offer now, while it remains conditional?	<p>If you accept the Offer now, unless withdrawal rights are available (see below), you will give up your right to sell your Shares or otherwise deal with your Shares while the offer remains open.</p> <p>If Shares are re-instated to trading on the ASX while the Offer remains open and trade above the Offer Price you will have lost your ability to sell your Shares on ASX at that higher price.</p> <p>While the Offer remains conditional (i.e. subject to the Offer Conditions), you will not be paid the Offer Price despite accepting the Offer for your Shares.</p>
If I accept the Offer now, can I withdraw my acceptance?	<p>You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act. A withdrawal right will arise if, after you have accepted the Offer, Mercantile OFM varies the Offer in a way that postpones for more than one month the time that Mercantile OFM has to meet its obligations under the Offer.</p>
When will I receive the Offer Price if I accept the Offer?	<p>You will not receive the Offer Price until after the Offer becomes unconditional.</p> <p>If the Offer becomes unconditional, you will be paid the Offer Price by the later of:</p> <ul style="list-style-type: none"> the date one month after the date you validly accept the Offer; and one month after the date the Offer becomes or is declared unconditional, <p>but in any event (assuming the Offer becomes or is declared unconditional), no later than the date 21 days after the end of the Offer Period.</p>
What are the consequences of the Offer becoming unconditional?	<p>If you accept the Offer and the Offer becomes unconditional, you will be entitled to receive the Offer Price in respect of your Shares. If the Offer becomes unconditional, Mercantile OFM will also be entitled to attend meetings of EZA and vote on behalf of those</p>

Question	Answer
	<p>Shareholders who have accepted the Offer in order to, for example, defeat a resolution relating to a competing offer which may adversely affect the success of the competing offer.</p>
Can Mercantile vary the Offer?	<p>Yes. Mercantile OFM can vary the Offer. However, the Offer Price is first and final and will not be increased by Mercantile OFM.</p>
	<p>Refer to Section 5.6 for further details.</p>
What happens if I do nothing?	<p>You will remain a Shareholder.</p>
	<p>If Mercantile OFM acquires 90% or more of Shares and the Offer becomes unconditional, Mercantile OFM intends to compulsorily acquire the remaining Shares. As at the date of this Target's Statement, each Director who has an interest in Shares currently intends to reject the Offer in respect of their Shares. The Directors collectively hold approximately 16.2% of all Shares outstanding. On this basis, Mercantile OFM will not, during or at the end of the Offer Period, be able to acquire a Relevant Interest in at least 90% of the Shares.</p>
	<p>If Mercantile OFM acquires between 50% and 90% of Shares and the Offer becomes unconditional, you will remain a minority shareholder and EZA will then be controlled by Mercantile OFM.</p>
	<p>Refer to section 4 of the Bidder's Statement for details in relation to Mercantile OFM's intentions in relation to EZA.</p>
Can I be forced to sell my Shares?	<p>You cannot be forced to sell your Shares unless Mercantile OFM acquires a Relevant Interest in at least 90% of all the Shares by the end of the Offer Period, and proceeds to compulsory acquisition of your Shares. If that happens, you will be provided the last Offer Price offered by Mercantile OFM for the Shares before the end of the Offer Period.</p>
	<p>At the date of this Target's Statement, each Director who has an interest in Shares currently intends to reject the Offer in respect of their Shares. The Directors collectively hold approximately 16.2% of all Shares outstanding. On this basis, Mercantile OFM will not, during or at the end of the Offer Period, be able to acquire a Relevant Interest in at least 90% of the Shares.</p>
When does the Offer close?	<p>The Offer is presently scheduled to close at 7.00pm (AEST) on 10 July 2017, but the Offer Period can be extended in certain circumstances in accordance with the Corporations Act. Refer to Section 5.6 for details on extending the Offer Period.</p>
What happens if the Offer Conditions are not satisfied or waived?	<p>If the Offer Conditions are not satisfied or waived by the end the Third Business Day after the end of the Offer Period, the Offer will lapse. You will then be free to deal with your Shares even if you had accepted the Offer.</p>
What are the tax implications of accepting the Offer?	<p>A general outline of the tax implications for certain Australian resident Shareholders of accepting the Offer is set out in Section 10.1 of this Target's Statement and section 7 of the Bidder's Statement.</p> <p>You should not rely on that outline as advice on your own affairs. It does not deal with the position of particular Shareholders. You should seek your own personal, independent financial and taxation advice before making a decision as to whether to accept or reject the Offer for your Shares.</p>
Is there a number I can call if I have further queries in relation to the Offer?	<p>If you have further queries in relation to the Offer, you can contact EZA Chairman Mark Jones, on +61 419 919 250.</p>

4. Your Choices as a Shareholder

4.1 Directors recommend that you **REJECT** the Offer.

In considering whether to accept the Offer, the Directors encourage you to read this Target's Statement and seek professional advice if you are unsure as to whether or not accepting the Offer is in your best interests, taking into account your individual circumstances.

The Bidder's Statement contains important information which you are urged to read carefully. EZA has not undertaken investigations to verify the accuracy or completeness of the information contained in the Bidder's Statement and neither EZA nor its Directors or advisers makes any representation as to the accuracy or completeness of information contained in the Bidder's Statement. To the fullest extent permitted by law, each of those parties disclaims liability to any person who acts in reliance of that information.

If you would like further information on EZA before making a decision about the Offer, you are encouraged to exercise your right under the Corporations Act to obtain from ASIC copies of all documents lodged by EZA with ASIC or ASX. You can also find information about EZA on the EZA website at www.ezacorp.com.au.

During the Offer Period you have the following choices:

(a) **REJECT** the Offer

If you wish to retain your Shares, you need **TAKE NO ACTION** in relation to the Offer.

You should note that if Mercantile acquires 90% of Shares and the compulsory acquisition provisions of the Corporations Act are satisfied, it will be entitled to compulsorily acquire the Shares that it does not already own.

You should also note that if Mercantile acquires more than 50% but less than 90% of Shares, you will be exposed to the risks associated with being a minority Shareholder. In particular, Mercantile OFM notes that, subject to a review, its current intention may be to use EZA as an investment entity. Refer to Section 2.4 for further details.

(b) **ACCEPT** the Offer

If you wish to accept the Offer, you should follow the instructions in the Bidder's Statement.

You will receive \$0.1375 for each of your Shares.

You should consider the timing of any acceptance of the Offer in light of the fact that:

- (i) you will not receive the Offer Price unless the Offer Conditions are satisfied or waived; and
- (ii) accepting the Offer will preclude you from accepting any Superior Offer from a third party which may emerge. As at the date of this Target's Statement, the Directors are not aware of a proposal by any other party to make a Superior Offer.

Foreign Shareholders should be aware that if you accept the Offer you are not entitled to receive the Offer Price unless and until all requisite authorities or clearances have been obtained from the Reserve Bank of Australia and or the Australian Taxation Office. Mercantile OFM is under no obligation to spend any money, or undertake any action, in order to satisfy it of the eligibility of foreign Shareholders to receive the Offer Price.

5. Key features of the Offer

5.1 Offer Price

The price being offered by Mercantile OFM is \$0.1375 per Share.

5.2 Offer Period

The Offer will be open for acceptance from 8 June 2017 until 10 July 2017 unless extended or withdrawn.

The circumstances in which Mercantile may extend or withdraw the Offer are set out in Sections 5.6 and 5.7.

5.3 Offer Conditions

The Offer is subject to none of the following occurring during the period commencing on the Announcement Date and ending on the expiry of the Offer Period (each a separate condition):

- (a) the Shares or any shares of the Controlled Entities of EZA are converted into a larger or smaller number of shares;
- (b) EZA or a subsidiary of EZA resolves to reduce its share capital in any way;
- (c) EZA or a subsidiary of EZA:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under sections 257C or 257D of the Corporations Act;
- (d) EZA or a subsidiary of EZA makes an issue of or grants an option to subscribe for any of its securities or agrees to make such an issue or grant such an option;
- (e) EZA or a subsidiary of EZA issues or agrees to issue convertible notes;
- (f) EZA or a subsidiary of EZA disposes or agrees to dispose of the whole or a substantial part of its business or property;
- (g) EZA or a subsidiary of EZA grants or agrees to grant an Encumbrance over the whole or substantial part of its business or property; or
- (h) an 'Insolvency Event' occurs with respect to EZA or a subsidiary of EZA (although 'Insolvency Event' is not defined in the Bidder's Statement),

(the **Offer Conditions**).

If any of the Offer Conditions are not satisfied or have not been waived, Mercantile OFM will have an option as to whether to proceed with the Offer or allow the Offer to lapse. If the Offer lapses, all acceptances of the Offer will be void and of no effect.

5.4 Status of Offer Condition

Section 7.6 of the Bidder's Statement states that Mercantile OFM will give the notice on the status of the Offer Conditions to ASX and EZA on 3 July 2017 (subject to extension in accordance with the Corporations Act if the Offer Period is extended). Mercantile OFM is required to set out in this Notice of Status of Offer Condition:

- (a) whether the Offer is free of the Offer Conditions;
- (b) whether, so far as Mercantile OFM knows, the Offer Conditions have been fulfilled; and
- (c) Mercantile OFM's voting power in EZA at that time.

5.5 Lapse of Offer

The Offer will lapse if the Offer Conditions are not waived or satisfied by the end of the Offer Period. If the Offer lapses, all contracts resulting from acceptance of the Offer and all acceptances that have not yet resolved in binding contracts are void and you will retain ownership of your Shares.

5.6 Extension of Offer Period

Mercantile OFM may extend the Offer Period at any time before giving the Notice of Status of Conditions (refer to Section 5.4 above) while the Offer is subject to the Offer Conditions. However, if the Offer is unconditional, Mercantile 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 seven days of the Offer Period, Mercantile OFM's voting power in EZA increases to more than 50%. In this case the Offer Period will be automatically extended so that it ends 14 days after the increase in Mercantile OFM's voting power in EZA increases to more than 50%.

5.7 Withdrawal of Offer

Mercantile OFM may not withdraw the Offer if you have already accepted it. However, if the Offer Conditions have not been satisfied or waived at the end of the Offer Period, then all acceptances will be void. Before you accept the Offer, Mercantile OFM may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

5.8 Effect of acceptance

Once you have accepted the Offer, 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 the Offer or otherwise dispose of your Shares, except as follows:

- (a) if, at the end of the third Business Day after the end of the Offer Period, an Offer Condition has not been satisfied or waived, the Offer will automatically terminate and your Shares will be returned to you; or
- (b) if the Offer is varied in accordance with the Corporations Act in a way that postpones for more than one month the time when Mercantile OFM has to meet its obligations under the Offer, and, at the time, the Offer is subject to one or more Offer Conditions, you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

The effect of acceptance of the Offer is further detailed in clause 5 of Appendix A of the Bidder's Statement.

5.9 When you will receive the Offer Price

If you accept the Offer and the Offer becomes unconditional, Mercantile OFM will pay you the Offer Price by the later of:

- (a) the date one month after the date you validly accept the Offer; and
- (b) one month after the date the Offer becomes or is declared unconditional,

but in any event (assuming the Offer becomes or is declared unconditional), no later than the date 21 days after the end of the Offer Period.

Refer to clause 6 of Appendix A of the Bidder's Statement for further details on when you will be paid the Offer Price by Mercantile OFM.

5.10 First and final Offer Price

The Offer Price is first and final, meaning that Mercantile OFM will not increase the Offer Price.

5.11 Compulsory acquisition

Mercantile OFM has indicated in section 4.4 of its Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding Shares. Mercantile OFM will be entitled to compulsorily acquire any Shares in respect of which it has not received an acceptance of its Offers on the same terms as the Offers if, during or at the end of the Offer Period, Mercantile OFM and its associates have a Relevant Interest in at least 90% (by number) of the Shares.

If this threshold is met, Mercantile OFM will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Shareholders who have not accepted the Offer. Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Shareholder to establish to the satisfaction of a Court that the terms of the relevant Offer do not represent "fair value" for their Shares. If compulsory acquisition occurs, Shareholders who have their Shares compulsorily acquired are likely to be issued their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

As at the date of this Target's Statement, each Director who has an interest in Shares currently intends to reject the Offer in respect of their Shares. The Directors collectively hold approximately 16.2% of all Shares outstanding. On this basis, Mercantile OFM will not, during or at the end of the Offer Period, be able to acquire a Relevant Interest in at least 90% of the Shares.

It is possible that Mercantile OFM will, at some time after the end of the Offer Period, become the beneficial holder of 90% of the Shares. Mercantile OFM would then have rights to compulsorily acquire Shares not owned by it within six months of becoming the holder of 90%. Mercantile OFM's price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert.

6. Information relating to EZA

6.1 Overview

EZA was listed on ASX on 7 October 2011 (ASX code: EZA). EZA was established to acquire the Ezeatm business, which specialised in the deployment of automatic teller machines (**ATM**) to small to medium size enterprises.

EZA sold the ATM business to DC Payments Inc. on 31 October 2014. Following the completion of final working adjustments in April 2015, EZA received final cash payment consideration, leaving it with approximately \$9.66 million in cash and no debt.

On 7 December 2015, EZA's securities were suspended from official quotation on ASX pending compliance with Chapter 12 of the Listing Rules.

Since the completion of the sale of the ATM business, the Board has reviewed over 200 investment opportunities falling across a number of sectors including technology, biotechnology, precious metals, base metals and operational industrial companies. In mid-2016 EZA shifted its focus towards the resources sector and, in particular, gold exploration assets.

EZA is currently in negotiations with a private group regarding the acquisition of prospective exploration tenements in Australia. Discussions are advanced but ongoing and there is no guarantee that an acquisition will be finalised. Updates will be provided to shareholders as soon as available.

At 21 June 2017, the Company had a balance of \$8,797,717 in liquid assets comprising of \$8,764,200 of cash and \$33,517 of receivables and 7,500,000 shares held in Emerald Resources NL.

6.2 No material change in financial position

EZA's last published financial statements are for the half year ended 31 December 2016, as set out in its Interim Financial Report lodged with ASX on 28 February 2017. Except as disclosed in this Target's Statement and in any announcement made by EZA to ASX since 28 February 2017, the Directors are not aware of any material change to the financial position of EZA since 31 December 2016.

6.3 Capital Structure

As at the date of this Target's Statement EZA has 61,068,789 Shares on issue and a market capitalisation of approximately \$7,328,254.68, based on the closing price of Shares on 7 December 2015 (being the last day Shares traded on ASX prior to the Company's suspension).

6.4 Substantial Shareholders

The following persons have substantial shareholdings in EZA:

Shareholder	Number of Shares	%
Oakajee Corporation Limited	11,000,000	18.012
Mark Jones and associated entities	5,860,000	9.59
Asian Star Investments Limited	4,750,000	7.778
Success Concept Investment Limited	4,500,000	7.369
Douglas Rose and associated entities	4,000,000	6.55

7. Information relating to Mercantile OFM

7.1 Disclaimer

The information in this Section and all information concerning Mercantile OFM and Mercantile contained in other sections of this Target's Statement has been prepared by EZA using the information contained in the Bidder's Statement and publicly available information, and has not been independently verified by EZA. Accordingly, subject to the Corporations Act, EZA does not make any representation (express or implied) as to the accuracy or completeness of such information.

7.2 Corporate information

Mercantile OFM was incorporated on 16 June 2006. Mercantile OFM is a wholly owned subsidiary of Mercantile IAH. Mercantile IAH is a wholly owned subsidiary of Mercantile.

Mercantile was incorporated on 25 August 2006 and was listed on ASX on 5 April 2007 (ASX code: MVT). Mercantile invests in ASX listed investment opportunities.

7.3 Mercantile OFM and Mercantile directors

According to the Bidder's Statement, Mercantile OFM's directors are:

- (a) Ronald Brierley;
- (b) Gabriel Radzynski; and
- (c) James Chirnside.

According to the Bidder's Statement, Mercantile's directors are:

- (a) Ronald Brierley;
- (b) Gabriel Radzynski;
- (c) James Chirnside;
- (d) Ronald Langley;
- (e) Daniel Weiss; and
- (f) Gary Weiss (alternate director for Daniel Weiss).

7.4 Funding of the Offer Price

The Offer is a 100% cash offer. The maximum amount of cash that will be payable by Mercantile OFM if acceptances are received for all Shares on issue is approximately \$7,813,359.

Mercantile OFM has received a letter of commitment from Mercantile, under which Mercantile has committed to loan Mercantile OFM, on an unsecured basis, the funds necessary to pay the maximum available amount of consideration payable under the Offer and all associated transaction costs.

EZA notes that Mercantile OFM is not under any obligation to draw down funds pursuant to the letter of commitment, nor has Mercantile guaranteed the obligations of Mercantile OFM to pay the Offer Price to accepting Shareholders should the contracts resulting from their acceptances become unconditional.

EZA further notes that Mercantile OFM does not appear to have any assets or cash itself.

Accordingly, Shareholders who accept the Offer may be exposed to credit risk associated with Mercantile OFM's ability to pay the Offer Price.

Based on the lack of disclosure in the Bidder's Statement, EZA advises Shareholders to consider the possibility that Mercantile OFM may not be able to fulfil its obligations to pay the Offer Price to accepting Shareholders.

7.5 Further information about Mercantile OFM

Section 2 of the Bidder's Statement provides further information relating to Mercantile OFM and Mercantile.

8. Risks

8.1 EZA's business risks

In considering the Offer, Shareholders should be aware of the risks related to EZA and its assets. EZA is subject to a number of investment risk factors which may affect the operating and financial performance of EZA and the value of Shares. Many of the risks are outside the control of EZA and the Directors, and there can be no certainty that EZA's objectives or anticipated outcomes will be achieved.

Investments in exploration and development companies are subject to certain risks. The following list is not intended to be an exhaustive exploration of the risk factors to which EZA is exposed.

8.2 Risks Specific to EZA

(a) Re-quotation and de-listing

Trading in Shares was suspended on 7 December 2015 due to non-compliance with ASX Listing Rule 12.1. Since the sale of the ATM business in October 2014, EZA has not had any business activities. Although the Board continues to actively seek and review a range of projects for possible investment, there is a risk that EZA may not be able to identify a suitable new investment opportunity that meets the requirements of the ASX for re-quotation of its Shares on ASX. Should this occur, the Shares continue not to be traded on the ASX until such time as those requirements can be met, if at all.

Subject to applicable law, Shares continue to be able to be traded off-market.

(b) Future capital requirements

Until the Company acquires a suitable project, the Company will mainly be generating income through interest received on cash term deposits. The Company may be unable to acquire a suitable project and generate income before it requires additional capital. An inability to obtain additional funding (if required) would have a material adverse effect on the Company.

At 21 June 2017, the Company had a balance of \$8,797,717 in liquid assets comprising of \$8,764,200 of cash and \$33,517 of receivables and 7,500,000 shares held in Emerald Resources NL.

(c) Future project(s)

EZA is currently in negotiations with a private group regarding the acquisition of prospective exploration tenements in Australia. Discussions are advanced but ongoing and there is no guarantee that an acquisition will be finalised. If these tenements are acquired by EZA, EZA will be exposed to a number of risks associated with exploration and development including, but not limited to land access, native title and aboriginal cultural heritage risks, environmental risks, commodity prices risks and mining laws and regulation risks.

Exploration and development of resource projects, by its nature, contains elements of significant risk. Ultimate success depends on the delineation of economically recoverable mineral resources, establishment of an efficient exploration operation and obtaining necessary government approvals. The exploration activities may be affected by a number of factors including, but not limited to, geological conditions, seasonal weather patterns, technical difficulties and failures, availability of necessary drilling rigs, technical equipment and appropriately skilled and experienced technicians, adverse changes in government policy or legislation and access to appropriate funding when needed.

There can be no assurance that, if EZA acquired the prospective exploration tenements, its exploration activities will result in the discovery of a significant mineral resource. Even if a significant mineral resource is identified, there can be no guarantee that it can be economically exploited.

8.3 General Securities Risks

(a) Economic risks

Adverse changes in economic conditions such as interest rates, exchange rates, inflation, government policy, international economic conditions and employment rates amongst others are outside EZA's control and have the potential to have an adverse impact on EZA and its operations.

(b) Share market conditions

Share market conditions may affect the value of EZA's quoted securities regardless of EZA's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither EZA nor the Directors warrant the future performance of EZA or any return on an investment in EZA.

(c) **Regulatory Risks**

Changes in relevant taxes, legal and administrative regimes, accounting practice and government policies in Australia may adversely affect the financial performance of EZA.

8.4 Investment Speculative

- (a) The above list of risk factors ought not to be taken as exhaustive of the risks faced by EZA or by investors in EZA. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of EZA and the value of the Shares.
- (b) You should be cognisant of all the above risks when making your decision whether to accept or reject the Offer. Accepting the Offer will mean that you will minimise your exposure to the above risks by receiving the Offer Price, whereas rejecting the Offer will see you remain exposed to all the above risks on an ongoing basis.

9. Information relating to the Directors and Senior Management

9.1 Directors and Senior Management

The names and details of the Directors are as follows.

(a) Mr Mark Jones – Non-Executive Chairman

Mark Jones has been the Non-Executive Chairman of EZA Corporation since the company floated on the Australian Stock Exchange on 5 October 2011. He was instrumental in the listing of the company and subsequent capital raisings. Mr Jones is a Non-Executive Director (Private Clients) of Patersons Securities Limited. As chairman of ASX listed Kore Potash Limited (formerly Elemental Minerals Limited), he was instrumental in the acquisition and exploration of the Sintoukola potash project in the Republic of Congo and during this time, ELM raised in excess of \$80 million from equity markets. Mark has a track record of financing mining projects in emerging jurisdictions for more than two decades. He is also the Managing Director of Oakajee Corporation Limited (OKJ:ASX).

(b) Mr Douglas Rose – Managing Director

Douglas Rose was appointed to the board of EZA Corporation on 1 March 2013 as a Non-Executive Director. He has been the Managing director of EZA Corporation since 1 July 2013 and oversaw the restructure and sale of the ATM business. Prior to his appointment as Managing Director, Mr Rose was a Private Client Adviser with Patersons Securities Limited. He holds a Bachelor of Commerce degree from Curtin University. Mr Rose is currently a Non-Executive Director of Oakajee Corporation Limited (OKJ:ASX).

(c) Mr Andrew Quin – Non-Executive Director

Andrew Quin was appointed to the board of EZA Corporation on 19 January 2016 as a Non-Executive Director. He is an economist with extensive experience in both the Australian and US stock markets. He has a unique international perspective and macro view on markets, global economics and investment strategy. Andrew is Research Strategy Coordinator for Patersons Securities Limited, focused on both macroeconomic strategy and stock investment selection. He holds a Masters of Science, Mineral Economics from Curtin University.

9.2 Interests of Directors in EZA

Messrs Mark Jones and Douglas Rose have decided to **REJECT** the Offer in respect of their Shares prior to the date of this Target's Statement. Mr Andrew Quin does not have an interest in Shares.

The table below shows the number of Shares held for or on behalf of each Director immediately prior to the date of this Target's Statement:

Director	Directors Interest in Shares prior to the Offer	Current Interest in Shares
Mark Jones	5,860,000	5,860,000
Douglas Rose	4,000,000	4,000,000
Andrew Quin	-	-

On 3 May 2017:

- (a) an entity associated with Mr Rose acquired 1,095,331 Shares; and
- (b) an entity associated with Mr Jones acquired 1,000,000 Shares,

in each case by way of off-market purchases.

Save as noted above, no Director has acquired or disposed of any Shares within the four month period immediately prior to the date of this Target's Statement.

9.3 No benefits to Directors

No benefit (other than a benefit permitted under sections 200E or 200F of the Corporations Act) is proposed to be given to a Director (or anyone else) in connection with the Director's retirement as a Director (or executive) of EZA.

9.4 Other agreements or arrangements with Directors

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

9.5 Interests of Directors in Mercantile

No Director has a relevant interest in any securities of Mercantile OFM or Mercantile.

No Director acquired or disposed of any securities in Mercantile OFM or Mercantile within the four month period immediately prior to the date of this Target's Statement.

No Director has any interest in any contract entered into by Mercantile OFM or Mercantile.

10. Other Material Information

10.1 Taxation implications

The following is intended only as a general guide to the income tax position, and other indirect tax implications, under current Australian (federal and state/territory) tax law and administrative practice as at the date of this Target's Statement. Tax is a complex, and ever changing, area of law and the tax implications for you may differ from those detailed below, depending on your particular circumstances. It is unlikely two (2) shareholders' circumstances are the same. As these statements are of a general nature only, it is imperative that you obtain your own independent professional advice in respect of the tax implications of the Offer.

The following is an overview of the likely Australian tax implications as a consequence of the takeover bid for an Australian tax resident or non-Australian tax resident Shareholder who holds their Shares on capital account.

The following may not apply to certain Shareholders, such as if you are a dealer in shares, you hold Shares on revenue account or as trading stock, if you are an insurance company or a collective investment scheme, or if Division 230 of the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**) applies to you and you have made an election to apply certain methods to calculating gains and losses. In addition, the following may not apply to you if you acquired your shares as a result of an employment or services arrangement. Such persons may be subject to special rules or any gain on the disposal of their Shares may be assessed as ordinary income.

The following may also not apply to non-Australian tax resident Shareholders. The Australian income tax implications for non-Australian resident Shareholders are complex and will depend upon their own specific circumstances. Non-Australian tax resident Shareholders may also have tax implications in their country of residence.

Income Tax

(a) Australian tax resident Shareholders

The transfer of Shares to Mercantile OFM pursuant to the Offer will trigger a capital gains tax (**CGT**) event for you. Australian tax resident Shareholders may make a capital gain or a capital loss. You may make a capital gain equal to the capital proceeds received (the cash consideration received from Mercantile OFM) less the cost base of your Shares. The cost base of your Shares is generally the cost of their acquisition plus certain other amounts associated with their acquisition and disposal such as brokerage or duty. However, there are provisions that may adjust the cost base of your shares.

If you are an individual, trustee of a trust or a complying superannuation entity, and you acquired your Shares at least 12 months prior to accepting the Offer, you may be entitled to concessional discount CGT treatment under Division 115 of the ITAA 1997 in respect of a capital gain. This will depend upon your individual circumstances.

If the reduced cost base of your Shares (noting there are provisions that may adjust the reduced cost base of your shares) is greater than the capital proceeds you received, you may realise a capital loss equal to the difference. A capital loss may be applied to reduce a capital gain in the same or a future tax year.

(b) Non-Australian tax resident Shareholders

Non-Australian tax resident Shareholders that hold Shares on capital account may only be subject to Australian CGT upon disposal of their Shares where the following conditions are met:

- (i) the non-Australian tax resident Shareholder, together with its associates, holds 10 per cent or more of EZA's issued shares at the time of the disposal or for any 12 month period in the 24 months prior to disposal; and
- (ii) more than 50 per cent of the market value of the assets of EZA is represented (directly or indirectly) by real property interests or mining rights in respect of certain resources in Australia.

If CGT applies, concessional CGT treatment under Division 115 of the ITAA 1997 is not available to non-Australian tax residents in relation to the disposal of Shares acquired after 8 May 2012. In respect to acquisitions on or before this date, the Shareholder will need to review whether they are entitled to a proportional concession under Division 115.

Indirect Taxes

(a) Duty

Given the respective transfer / stamp duty and landholder duty provisions of each of the Australian states and territories, no duty will be payable by the Shareholders on their sale of the EZA shares.

(b) GST

Given the current GST legislation, no GST should be payable by Shareholders in respect of the disposal of their shares in EZA, regardless of whether or not the Shareholder is registered for GST.

10.2 Material litigation

As at the date of this Target's Statement, EZA is not involved in any material litigation and is not aware of any pending material legal action to which it may be exposed.

10.3 Consents

The following persons have given and have not, before the date of issue of this Target's Statement withdrawn their consent to:

- (a) be named in this Target's Statement in the form and content in which they are named; and
- (b) the inclusion of other statements in this Target's Statement which are based on or referable to statements made in the reports or statements noted next to their names, or which are based on or referable to other statements made by those persons, in the form and context in which they appear:

Name of Person	Capacity	Reports or Statements
Mark Jones Douglas Rose Andrew Quin	Directors	Statements made by, or statements based on the statements made by, the Directors
DLA Piper Australia	Legal advisor to EZA	N/A

Each of the persons named above:

- (a) does not make, or purport to make, any statement in this Target's Statement other than those statements referred to above and as consented to by that person; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement other than as described in this Section with the person's consent.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or ASX (in compliance with the Listing Rules), including the Bidder's Statement. Pursuant to this Class Order, the consent of persons to whom such statements are attributed to is not required for the inclusion of those statements in the Target's Statement.

Any Shareholder who would like to receive a copy of any of the documents (or parts of the documents) that contain the statements which have been included pursuant to CO 13/521 may obtain a copy free by writing to EZA's Company Secretary.

Copies of all announcements by EZA may also be obtained from its website at www.ezacorp.com.au or from ASX's website www.asx.com.au under the code "EZA".

Additionally, as permitted by ASIC Class Order 13/523, this Target's Statement may include or be accompanied by 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.

Pursuant to that Class Order, the consent of persons to whom such statements are attributed is not required for inclusion of those statements in this Target's Statement.

As permitted by ASIC Class Order 07/429, this Target's Statement also contains trading data obtained from IRESS, without its consent to the inclusion of such trading data.

10.4 No other material information

There is no other information that Shareholders or their professional advisers would reasonably require to make an informed assessment on whether to accept the Offer, being information which:

- (a) is reasonable for Shareholders and their professional advisers to expect to find in this Target's Statement; and

(b) is known to any of the Directors.

In deciding what information should be included in this Target's Statement, the Directors have had regard to, amongst other things, the matters which Shareholders (or their professional advisers) may reasonably be expected to know, including information contained in documents previously sent to Shareholders and information available from public sources such as the ASX, ASIC and EZA's website at www.ezacorp.com.au.

11. Authorisation

This Target's Statement is dated 23 June 2017 and was approved pursuant to a unanimous resolution passed at a meeting of the Directors.

Signed for and on behalf of
EZA Corporation Limited

A handwritten signature in black ink, appearing to be 'DR', followed by a long horizontal line.

Douglas Rose
Managing Director

12. Glossary and Interpretation

12.1 Glossary

In this Target's Statement, unless a contrary intention appears, the following expressions have the following meanings:

AEST means Australian Eastern Standard Time.

Announcement Date means 15 December 2016.

ASIC means Australian Securities and Investment Commission.

ASX means ASX Limited ACN 008 624 691 trading as Australian Securities Exchange.

ASX Listing Rules or **Listing Rules** means the listing rules of ASX.

ASX Settlement means ASX Limited ABN 98 008 504 532.

ASX Settlement Operating Rules means the settlement rules of ASX Settlement.

Bidder's Statement means the bidder's statement of Mercantile OFM dated 24 May 2017.

Board means the board of directors of EZA.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

CGT means capital gains tax.

Competing Proposal means any proposal or transaction, which, if completed, would mean a person (other than Mercantile OFM or any associate of Mercantile OFM) would:

- (a) acquire control of EZA, within the meaning of section 50AA of the Corporations Act, or a material part of EZA's business; or
- (b) otherwise acquire or merge (including by a reverse takeover bid or dual listed EZA structure) with EZA.

Controlled Entity has the meaning given to that term in the Corporations Act.

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

Director means a director of EZA and **Directors** means all of the directors of EZA.

Encumbrance means an interest or power:

- (a) reserved in or over an interest in any asset including, without limitation, 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 a debt, any other monetary obligation or the performance of any other obligation and includes, without limitation, any agreement to grant or create any of the above.

EZA or **Company** means EZA Corporation Limited ACN 151 155 734.

EZA Share Register means the register of shareholders of EZA maintained by or on behalf of EZA in accordance with the Corporations Act.

ITAA 1997 means *Income Tax assessment Act 1997* (Cth).

Mercantile means Mercantile Investment Company Limited ACN 121 415 576.

Mercantile IAH means Mercantile IAH Pty Ltd ACN 136 640 769.

Mercantile OFM means Mercantile OFM Pty Ltd ACN 120 221 623.

Offer or **Mercantile OFM's Offer** means the offer dated 8 June 2017 made by Mercantile OFM to acquire all of the Shares on the terms set out in the Bidder's Statement.

Offer Conditions has the meaning given to that term in Section 5.3.

Offer Period means the period commencing on 8 June 2017 and ending on 10 July 2017 (unless extended or withdrawn) during which the Offer will remain open for acceptance.

Offer Price means the Offer of \$0.1375 in cash for each EZA Share.

Relevant Interest has the meaning given to that term in the Corporations Act.

Section means a section of this Target's Statement.

Shareholder means a person registered as a member of EZA.

Shares means fully paid ordinary shares in EZA.

Superior Offer means a Competing Proposal which EZA determines to be more favourable to Shareholders than Mercantile OFM's Offer, taking into account all terms and conditions of the Competing Proposal or variation to the Offer by Mercantile OFM.

Target's Statement means this target's statement, being the statement of EZA under Part 6.5 Division 3 of the Corporations Act.

WST means Australian western standard time.

12.2 Interpretation

Various defined terms are used in this Target's Statement. Unless the contrary intention appears, the context requires otherwise, or words are defined in Section 12.1, words and phrases in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

In this Target's Statement:

(a) headings are for convenience only and do not affect interpretation;

and unless the context indicates a contrary intention:

- (b) the expression "person" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (c) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (d) a reference to any document (including this Target's Statement) is to that document as varied, novated, ratified or replaced from time to time;
- (e) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (f) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (g) references to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Target's Statement, and a reference to this Target's Statement includes any schedule, exhibit or annexure to this Target's Statement;
- (h) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (i) the word "includes" in any form is not a word of limitation;
- (j) a reference to "\$" or "dollar" is to Australian currency; and
- (k) if any day appointed or specified by this Target's Statement for the payment of any money or doing of any thing falls on a day which is not a Business Day, the day so appointed or specified shall be deemed to be the next Business Day.

Corporate Directory

Directors

Mark Jones – Non-Executive Chairman
Douglas Rose – Managing Director
Andrew Quin – Non-Executive Director

Legal Adviser

DLA Piper Australia
Level 31, 152-158 St Georges Terrace
Perth WA 6000
Tel: +61 8 6467 6000
Fax: +61 8 6467 6001

Company Secretary

Krystel Kirou

Registered Office

39 Clifton Street
Nedlands WA 6009
Tel: +61 8 9389 6032
Fax: +61 8 9389 8226

Securities Exchange Listing

Australian Securities Exchange
ASX Code: EZA

Share Registry

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009

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