

Mercantile Investment Company Limited

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23 December 2015

ASX ANNOUNCEMENT

MERCANTILE OFM PTY LIMITED'S ON-MARKET TAKEOVER OFFER FOR RICHFIELD INTERNATIONAL LIMITED AT \$0.20 PER SHARE

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

Pershing Securities Australia Pty Limited (ACN 136 184 962) AFSL 338264 (**Pershing**) will, on behalf of Mercantile OFM, offer to acquire on-market at \$0.20 per RIS share, all of the fully paid ordinary shares in the capital of RIS that are listed for quotation on ASX that exist from today until the close of the offer period.

Details of the offer are set out in the Bidder's Statement, which is included in Pershing's announcement, attached.

For further information, contact:

Gabriel Radzyninski
Ph: 02 8014 1188



23 December 2015

ASX ANNOUNCEMENT

ON-MARKET TAKEOVER OFFER FOR RICHFIELD INTERNATIONAL LIMITED AT \$0.20 PER SHARE

In accordance with section 6.1.1 of the ASX Market Integrity Rule (ASX Market) 2010, Pershing Securities Australia Pty Limited ACN 136 184 962 AFSL 338264 (**Pershing**) announces that Pershing will, on behalf of Mercantile OFM Pty Limited (ACN 120 221 623), a wholly owned subsidiary of Mercantile Investment Company Limited (ASX code: MVT), (**Mercantile OFM**) under section 635 of the Corporations Act 2001 (Cth) (the **Corporations Act**), offer to acquire on-market at \$0.20 per share (**Offer Price**) all of the fully paid ordinary shares in the capital of ASX-listed Richfield International Limited (ASX code: RIS) (**RIS**) that are listed for quotation on ASX that exist during the Offer Period (defined below) (**Offer**).

From the date of this announcement and ending at close of trading on ASX on 8 February 2015 (unless the Offer is withdrawn or extended in accordance with the Corporations Act), Pershing (on behalf of Mercantile OFM) will accept at the Offer Price every RIS share offered to Pershing on-market (**RIS Shares**) up to a maximum of 50,380,345 RIS in respect of the period to the start of the Offer Period.

Terms of the Offer

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

- it is an on-market, unconditional offer of \$0.20 per RIS Share;
- Pershing will purchase RIS Shares offered to Pershing for sale on-market at the Offer Price from today until the conclusion of the Offer Period; and
- the Offer Period may be extended and the Offer Price may be increased in accordance with the Corporations Act.

Settlement and brokerage

Payment for RIS Shares sold to Mercantile OFM under the Offer will be made on a T + 3 settlement basis in accordance with ASX Settlement Operating Rules.

Any brokerage charged by brokers acting for RIS shareholders selling their RIS Shares will be the sole responsibility of those RIS shareholders.

Acquisition from announcement

Mercantile OFM has appointed Blue Ocean Equities Pty Limited (ACN 151 186 926) (**Blue Ocean**) to act in the capacity of Introducing Financial Intermediary to the Offer. Blue Ocean has instructed Pershing as ASX Market Participant to purchase on-market during the official trading days of ASX (**Trading Days**) on behalf of Mercantile OFM all RIS Shares offered to it up to a maximum of 50,380,345 RIS Shares at the



BNY MELLON

Level 7, No. 1 Chifley Square, Sydney NSW 2000
www.pershing.com

Pershing Securities Australia Pty Ltd.
Member of ASX Group and Chi-X, AFSL No. 338264, ABN 60 136 184 962

Offer Price from the date and time of this announcement until the end of the Offer Period (as defined below).

Offer Period

Pershing will stand in the market on behalf of Mercantile OFM and accept RIS Shares offered to it at the Offer Price from the date and time of this announcement. However the Offer will be made during the period commencing 7 January 2015 (being the first trading day after the end of 14 days after the date of this announcement) and ending on 8 February 2016 (**Offer Period**), unless extended by Mercantile OFM under the Corporations Act.

Mercantile OFM reserves the right to withdraw unaccepted Offers in the circumstances permitted by Part 6.7 of the Corporations Act at any time before the end of the Offer Period.

Bidder's Statement

In accordance with section 635 of the Corporations Act, a Bidder's Statement will be served on RIS and lodged with each of the ASX and Australian Securities and Investments Commission today. A copy of the Bidder's Statement will also be sent to RIS shareholders before commencement of the Offer Period.

RIS Shares

The RIS Shares subject of the Offer are all fully paid ordinary shares in the capital of RIS, which are on issue at the date of the Bidder's Statement, and any other RIS Shares that are issued before the end of the Offer Period.

Immediately before making this announcement:

- Mercantile OFM is aware that there are currently 62,896,810 RIS Shares on issue, all of which are quoted on ASX; and
- Mercantile OFM and its associates have a relevant interest in 12,516,465 RIS Shares, which represent approximately 19.90% of the current issued capital of RIS.

Signed for and on behalf of Pershing Securities Australia Pty Limited.

Deane Sweeney
Company Secretary
Pershing Securities Australia Pty Limited

On-market Cash Offer by

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

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

to acquire all the ordinary shares in

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

at \$0.20 cash for each RIS Share

ACCEPT THE FIRST AND FINAL OFFER



Introducing Financial Intermediary to the Offer



Legal Adviser to Mercantile OFM

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

This is an important document and requires your immediate attention.

Directory

Bidder

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

Introducing Financial Intermediary

Blue Ocean Equities Pty Limited
Suite 3902
88 Phillip Street
Sydney NSW 2000

Ph: (02) 8072 2988

Legal Advisor

Watson Mangioni Lawyers Pty Limited
Level 13, 50 Carrington Street
Sydney NSW 2000

Directors – Mercantile OFM

Sir Ron Brierley
James Chirnside
Gabriel Radzyminski

Directors - Mercantile

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

Company Secretaries

Mark Licciardo
Matthew Rowe

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

Important Dates

Event	Date
Date of Announcement A copy of the announcement is set out in Appendix A	23 December 2015
Date Bidder's Statement served on RIS and lodged with ASIC and ASX	23 December 2015
Date of Bidder's Statement	23 December 2015
Date from which RIS Shareholders can sell RIS Shares to Mercantile OFM	23 December 2015
Opening date of Offer Period	7 January 2016
Closing Date *	8 February 2016

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

Why you should accept the Offer

- 1. The Offer Price is an attractive cash price for all RIS Shareholders**
- 2. The all cash Offer provides certainty compared to retaining RIS Shares**
- 3. If the Offer is successful and you accept, you will avoid the significant volatility associated with the global shipping industry and RIS' future operating risks**
- 4. RIS Shares are very thinly traded: over 75% of the issued capital of RIS is held by its top three shareholders**
- 5. The trading price for RIS Shares on ASX may fall if the Offer lapses**
- 6. The Offer is unconditional and you can sell your RIS Shares immediately**
- 7. There are risks associated with being a RIS minority shareholder**

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

The all cash consideration of \$0.20 per RIS Share is being offered to all RIS Shareholders.

Based on the price at which RIS Shares traded on-market on ASX up to and including 22 December 2015, being the last trading day prior to the Announcement Date, the Offer Price represents a premium of:

- 0.0% to \$0.2000, the closing price of RIS Shares on the ASX on 22 December 2015;
- 4.2% to \$0.1920, the 1 month VWAP of RIS Shares;
- 12.0% to \$0.1785, the 3 month VWAP of RIS Shares;
- 51.2% to \$0.1322, the 6 month VWAP of RIS Shares; and
- 54.5% to \$0.1294, the 12 month VWAP of RIS Shares.

Prior to Mercantile's acquisition of RIS Shares on 18 December 2015, RIS Shares have not closed on ASX above the Offer Price since 3 August 2006.

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

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

The Offer is final. Mercantile OFM will not increase the Offer Price under the Offer.

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

RIS' operations offer a wide range of services to the shipping industry which RIS considers is facing significant over-capacity as a result of too many existing ships, with more new ships coming into the market each year. Remaining as a shareholder in RIS will mean that you continue to be exposed to the risks related to the shipping industry including:

- operational and other market-based risk;
- oil price risk;
- credit and financing risk;
- global trade risk;
- political and regulatory risk;
- environmental and safety risk;
- general economic risk; and
- equity market risk.

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

4. RIS Shares are very thinly traded

RIS Shares are very thinly traded. Over 75% of RIS' issued capital is held by its top three shareholders.

In the 12 months to 22 December 2015, 17,602,158 RIS Shares traded. Of these, Mercantile OFM and its Associates traded in 12,516,465 RIS Shares, representing 71.1% of the total RIS Shares traded in this period. Depending on the level of acceptances Mercantile OFM receives under the Offer, the market for RIS Shares may become even less liquid following the Offer.

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

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

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

The Offer is to acquire your RIS Shares for 100% cash consideration of \$0.20 per RIS Share. You can accept the Offer immediately by instructing your broker to sell your RIS shares. You will receive cash payment within 3 trading days (i.e. T+3) of your acceptance of the Offer. There are no conditions attached to the Offer.

7. There are risks associated with being a minority shareholder

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

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

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

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

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

About the Offer

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

What is Mercantile OFM offering for my RIS Shares?

The Offer Price is \$0.20 for each RIS Share.

Is the Offer Price final?

Yes. **The Offer Price of \$0.20 for each RIS Share is final.** Mercantile OFM will not increase the Offer Price payable under this Offer.

How do I accept the Offer?

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

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

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

Blue Ocean Equities is the Introducing Financial Intermediary to the Offer and has instructed Pershing to purchase RIS Shares on-market on behalf of Mercantile OFM. Blue Ocean Equities can be contacted on (02) 8072 2988. Blue Ocean Equities does not provide personal advice and will not provide advice in relation to accepting the Offer or continuing to hold RIS Shares.

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

Are there any conditions to the Offer?

No – the Offer is not subject to any conditions.

When will I be paid for my RIS Shares?

Acceptance of the Offer is only available by selling your RIS Shares on-market to Mercantile OFM. Once you have sold your RIS Shares, you will be paid as per normal market practice (T+3).

When does the Offer close?

The Offer closes at 7.00pm (Sydney time) on 8 February 2016, unless extended or withdrawn in accordance with the Corporations Act.

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

What happens if I do not accept?

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

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

What are the tax consequences of the Offer?

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

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

Will I pay any brokerage if I accept any of the Offer?

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

Mercantile OFM will bear its own brokerage, if any, on transfers of RIS Shares acquired through acceptances of the Offer. No stamp duty or Goods and Services Tax (GST) will be payable on the transfer of your RIS Shares under the Offer (other than GST payable to your broker in respect of brokerage fees charged to you).

Questions

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

Important Information

Bidder's Statement and Offer

This is a Bidder's Statement dated 23 December 2015 given by Mercantile OFM to RIS and each holder of RIS Shares under Part 6.5 of Chapter 6 of the Corporations Act and in compliance with sections 636 and 637 of the Corporations Act.

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

ASIC

A copy of this Bidder's Statement was lodged with ASIC on 23 December 2015. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

Investment decision

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

Disclaimer

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

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

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

Defined terms

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

Sources of Information

Information included in this Bidder's Statement relating to RIS and its business has been derived solely from publicly available sources published by RIS, including the 2014 Annual Report, its announcements to ASX and its website.

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

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1. Bidder's Statement

This is a Bidder's Statement dated 23 December 2015 given by Mercantile OFM to RIS and each holder of RIS Shares under Part 6.5 of Chapter 6 of the Corporations Act and in compliance with sections 636 and 637 of the Corporations Act.

1.1. The Offer – on-market takeover bid

As disclosed to ASX by its formal written announcement dated 23 December 2015, Mercantile OFM will make Offers under an on-market bid to buy all RIS Shares, together with all Rights attaching to them, that exist or will exist at any time during the Offer Period at the Offer Price.

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

1.2. How the Offer will be made

The Offers will be made on behalf of Mercantile OFM by Pershing under instructions from Blue Ocean Equities, through ASX during the Offer Period. Unless the Offer is extended or withdrawn in accordance with the Corporations Act, the Offer Period will commence at the start of trading on ASX on 7 January 2016 and finish immediately at the close of trading on ASX on 8 February 2016.

In addition, it is the intention of Mercantile OFM to acquire RIS Shares offered on-market at (or below) the Offer Price from the time of the announcement on 23 December 2015 until the Offer Period commences. Mercantile OFM, through Pershing, will then make the Offer during the Offer Period at the Offer Price.

1.3. Extension of the Offer Period

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

1.4. How to accept

The Offer may be accepted on-market on ASX before the end of the Offer Period. An RIS Shareholder may only accept the Offer during the Offer Period by selling all or some of their RIS Shares on-market to Mercantile OFM. RIS Shareholders can also sell their RIS Shares on-market to Mercantile OFM from and after 23 December 2015 to the closing date of the Offer Period.

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

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

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

1.5. Payment of Offer Price for your RIS Shares

The usual rules for settlement of transactions which occur on-market on ASX will apply in respect of Mercantile OFM's purchase of RIS Shares on-market. This means that, on accepting the on-market Offer, an RIS Shareholder will receive payment on a normal T+3 basis.

1.6. Brokerage and other costs

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

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

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

1.7. Withdrawal

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

2. About Mercantile OFM

2.1. Corporate

Mercantile OFM is a wholly owned subsidiary of Mercantile.

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

2.2. Directors of Mercantile OFM

The Mercantile OFM Directors are:

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

2.3. Directors of Mercantile

The Mercantile Directors are:

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

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

2.4. Public Announcements by Mercantile

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

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

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

3. About RIS

3.1. Disclaimer

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

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

- (a) the RIS annual reports for the 2013 and 2014 financial years, the RIS interim financial report for the 6 months ended 30 June 2015 and the RIS Appendix 4C reports for the quarters ended 30 September 2015, 30 June 2015, 31 March 2015 and 31 December 2014 in each case issued on ASX;
- (b) other announcements issued by RIS through ASX; and
- (c) the RIS website;

3.2. Overview of RIS and its principal business activities

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

In its 2014 Annual Report, RIS states that the shipping industry continues to face over-capacity as there are already too many existing ships, with more new ships coming into the industry each year. This has resulted in low freight rates with too many ships competing for limited cargos. According to RIS, the freight rates across major trade routes may not, in most cases, be able to recover their operating expenditures. RIS expects this over-capacity to persist as shipping lines are under pressure to fill their own slot-spaces, and are not inclined to change their current marketing/sales strategies. RIS has advised that shipping lines are steadily making the transition to a recovery position, but the market has remained directionless and is expected to remain so unless measures are introduced to restore the supply and demand balance in the market.

3.3. Directors

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

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

3.4. Major shareholders

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

Name	Number of Shares	Percentage of issued capital
Chak Chew Tan	23,113,050	36.75%
Poh Choo Lim	12,579,362	20.00%
Mercantile	12,516,465	19.90%

3.5. Overview of RIS' historical financial performance

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

A\$	6 months to 30 June 2015	12 months to 31 Dec 2014	12 months to 31 Dec 2013	12 months to 31 Dec 2012
Revenue ²	2,020,660	3,136,012	3,678,430	6,065,124
Operating expenses ³	(1,030,556)	(1,563,053)	(2,649,508)	(5,727,417)
Operating profit after tax attributed to members of the parent entity	912,446	1,462,216	964,725	271,995

Notes:

1. The above information has been drawn from the audited financial statements for RIS and its controlled entities and associated disclosure included in its annual reports for the years ended 31 December 2013 and 2014 and the interim financial report for the 6 months ended 30 June 2015. The above amounts have been rounded as set out in the annual reports (to the nearest \$1,000).
2. Revenue includes revenue from ordinary activities and other income.
3. Operating expenses are all expenses prior to payment of income tax.

RIS Statement of Financial Position

The audited consolidated statement of financial position of RIS as at 30 June 2015, 31 December 2014 and 31 December 2013 is set out below.¹

\$	30 June 2015	31 December 2014	31 December 2013
CURRENT ASSETS			
Cash and cash equivalents	13,396,658	11,802,307	11,402,370
Receivables	474,085	333,004	700,078
Other	16,438	54,613	82,481
TOTAL CURRENT ASSETS	13,887,181	12,189,924	12,184,929
NON CURRENT ASSETS			
Available-for-sale financial assets	1,300,887	1,010,250	-
Property, plant and equipment	494,885	81,691	110,785
Intangibles	5,761,471	5,761,471	5,761,471
TOTAL NON CURRENT ASSETS	7,557,243	6,853,412	5,872,256
TOTAL ASSETS	21,444,424	19,043,336	18,057,185
CURRENT LIABILITIES			
Payables	2,870,112	1,929,195	2,837,773
Income tax liabilities	164,120	122,946	111,562
TOTAL CURRENT LIABILITIES	3,034,232	2,052,141	2,949,335
NON CURRENT LIABILITIES			
Deferred tax liabilities	12,611	13,887	17,746
TOTAL NON CURRENT LIABILITIES	12,611	13,887	17,746
TOTAL LIABILITIES	3,046,843	2,066,028	2,967,081
NET ASSETS	18,397,581	16,977,308	15,090,104
EQUITY			
Issued capital	10,693,287	10,693,287	10,693,287
Asset revaluation reserves	24,705	24,705	-
Foreign currency translation reserve	1,769,137	1,261,310	861,027
Retained earnings	5,910,452	4,998,006	3,535,790
TOTAL EQUITY	18,397,581	16,977,308	15,090,104

Notes:

1. The above information has been drawn from the audited financial statements for RIS and its controlled entities and associated disclosure included in its annual reports for the years ended 2013 and 2014. The information has also been drawn from the audit reviewed interim financial report for the six months ended 30 June 2015.

Cash levels as disclosed in Appendix 4C

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

\$	30 September 15	30 June 15	31 March 15	31 December 15
Cash at end of quarter	12,745,699	11,483,947 ¹	11,354,115	11,826,477

Notes:

1. This amount does not reconcile with the figure reported in the RIS half year report, which also refers to \$1.88 million held in escrow for third parties. Information on these items is not available in ASX announcements issued by RIS.

3.6. Commentary on RIS financial results

In the interim financial report for the six months ended 30 June 2015, RIS made the following comments:

“Richfield Marine Agencies (S) Pte Ltd Segment (RMA)

The revenue for the current period had increased by 41.06% to A\$1,971 M and a net pre-tax profit of A\$990K was recorded in this half-year as compared to A\$579K recorded in the corresponding period 2014. The increase in revenue and profitability was mainly due to a significant increase in the transactions of shipments and services as well as the favourable exchange rate from SGD to AUD from 0.867 to 0.964

Despite the unfavourable economy [sic] downturn, RMA maintained its gross margin levels at 83% (2014: 87%).

With the volatile outlook in the global shipping industry, RMA is still poised to maintain its sustainability and retain its performance throughout the year.

Speeda Shipping Co (S) Pte Ltd Segment (SSC)

Speeda has temporarily halted its operations to prevent the group from absorbing further losses. The mismatch of supply and demand of shipping trade will continue until market forces determine the appropriate time for Speeda to revive its business.”

3.7. ASX announcements

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

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

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

Since the 31 December 2014 Annual Report, RIS has issued the following announcements to the ASX:

Date	Announcement
21/12/2015	Ceasing to be a substantial holder
18/12/2015	Change in substantial holding from MVT
18/12/2015	Corrective Notice - Becoming a substantial holder from MVT
26/11/2015	Change in substantial holding
14/10/2015	September 2015 Quarter Appendix 4C
31/08/2015	Ceasing to be and Becoming a substantial holder notices
31/08/2015	Becoming a substantial holder from MVT
28/08/2015	Ceasing to be a substantial holder from ASIC
20/07/2015	June 2015 Appendix 4D and Interim Financial Report
15/07/2015	Appendix 4C for the June 2015 Quarter
10/07/2015	Change in substantial holding
07/07/2015	AIC: ASIC appoints Morgan Stanley to sell shares in RIS
28/05/2015	Results of 2015 Annual General Meeting
26/05/2015	Siew Tze Lim Ceases to be Substantial Holder
26/05/2015	Sinotrans Investment Co Ltd Ceases to be Substantial Holder
26/05/2015	Grand Orient Capital Co Ltd Ceases to be Substantial Holder
25/05/2015	Takeovers Panel announcement: RIS Variation of Orders
22/05/2015	Restated Notice of Substantial Holder - Sinotrans Investment
22/05/2015	Restated Notice of Substantial Holder - Grand Orient Capital
22/05/2015	Siew Tze Lim Becomes a Substantial Holder
22/05/2015	Withdrawal of Form 605 and Lodgement of Form 604 for Ms Lim
15/05/2015	Change in substantial holding
15/05/2015	Change in Substantial Holding x 2
08/05/2015	ASIC letter regarding substantial shareholders notices
07/05/2015	Change in Substantial Holding - Poh Choo Lim
07/05/2015	Becoming a Substantial Holder - Siew Tze Lim
07/05/2015	Becoming a Substantial Holder-Sinotrans Investment - Restated
07/05/2015	Becoming a Substantial Holder-Grand Orient Capital - Restated
04/05/2015	Becoming a substantial holder
30/04/2015	TOV: RIS Panel Makes Orders
29/04/2015	Notice of Annual General Meeting and Proxy Form
22/04/2015	TOV: RIS Declaration of Unacceptable Circumstances
13/04/2015	March 2015 Quarter Appendix 4C
25/03/2015	Application to Takeovers Panel and Interim Orders
24/03/2015	TOV: RIS President Makes Interim Orders
24/03/2015	TOV: RIS Panel Receives Application

3.8. RIS Options

RIS executives are entitled to participate in the RIS share option scheme. This provides that scheme shares can be offered to participants as determined by the remuneration committee, however no share options were issued during the financial year ending 31 December 2014.

According to the remuneration report in the RIS 2014 annual report, there are currently no options on issue.

4. Mercantile OFM's intentions

4.1. General

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

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

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

Mercantile OFM has reviewed information in the public domain concerning RIS, its business and the general business environment in which it operates. Based on its review of that material, and on its current assessment of RIS' operations, Mercantile OFM's intentions in relation to RIS are summarised below. Statements set out in this Section are statements of current intentions only which may change as new information becomes available or circumstances change.

4.2. Strategic review

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

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

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

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

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

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

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

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

- RIS will become a controlled entity of Mercantile OFM.
- Subject to the Corporations Act and the Review, Mercantile OFM proposes to seek the appointment of a majority of Mercantile OFM nominees to the board although it has not made any decision as to who would be nominated for appointment. Mercantile OFM may also seek to add to, replace or reorganise the roles of a proportion of the members of the RIS board of directors to reflect the proportionate ownership interest of Mercantile OFM and other RIS Shareholders.
- Mercantile OFM will seek to remove RIS from the Official List of ASX.
- Mercantile OFM intends to undertake the Review.
- Mercantile OFM intends to undertake the activities referred to in Section 4.4 to the extent permitted by its control of RIS.
- Mercantile OFM may, at some later time, acquire further RIS Shares in a manner consistent with the Corporations Act.
- If Mercantile OFM becomes entitled at some later time to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act, it may exercise those rights.

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

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

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

4.6. Intentions generally

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

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

4.7. Limitations on intentions

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

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

5. Sources of Bid Consideration

5.1. Consideration under the Offer

The total amount that Mercantile OFM would be required to pay for RIS Shares if Mercantile OFM acquires all of the RIS Shares on issue on the date of this Bidder's Statement in which it and its Associates do not have a Relevant Interest at the Offer Price is \$10,076,069 plus brokerage.

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

5.2. Financial position of Mercantile

Mercantile is an investment company listed on the ASX. As at 30 June 2015, based on the consolidated audited financial statements of Mercantile, Mercantile had total assets of approximately \$42.9 million and net assets of approximately \$38.2 million.

As at 30 November 2015, the net tangible asset backing per Mercantile share (after all fees and expenses) on a post tax basis was 15.47 cents per share. This represented total net tangible assets of Mercantile as at that date of approximately \$41.6 million.

On 22 December 2015 Mercantile announced that it had undertaken a placement of ordinary shares to raise gross proceeds of approximately \$1.3 million. As at the date of this Bidders Statement, Mercantile has cash reserves of approximately \$3.8 million which excludes the proceeds of the placement announced on 22 December 2015.

5.3. Commitment of Mercantile OFM Funding

Mercantile OFM has received a binding letter of commitment (**Commitment Letter**) from its ultimate parent, Mercantile, pursuant to which Mercantile has committed to loan Mercantile OFM the funds necessary to pay for the Offer Price for all RIS Shares under this Offer and all transaction costs associated with the Offer that are not funded from any other source. This commitment is uncapped. Mercantile OFM estimates that the total transaction costs associated with the Offer (other than the Offer Price payable for all RIS Shares) will not exceed \$100,000. This loan must be repaid by Mercantile OFM 1 year after the Closing Date. Interest on this loan will accrue at the Reserve Bank of Australia cash rate. In the view of Mercantile OFM, this period will be sufficient to enable it to arrange refinancing with its listed parent Mercantile or other means to effect repayment if the loan has not been repaid by that date.

Mercantile OFM has also received a letter of commitment from Sir Ron Brierley, under which Sir Ron has committed to loan up to \$5.5 million to Mercantile OFM, on an unsecured basis. This loan must

be repaid by Mercantile OFM 1 year after the Closing Date. Interest on this loan will accrue at the Reserve Bank of Australia cash rate.

Funds made available to Mercantile OFM under the commitment letters:

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

The Offer is not subject to a financing condition.

6. Tax considerations

6.1. General

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

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

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

6.2. Australian-resident Shareholders

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

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

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

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

6.3. Non-resident Shareholders

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

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

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

6.4. Stamp duty and GST

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

7. Information on RIS securities

7.1. RIS capital structure

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

7.2. RIS Share trading

RIS Shares are thinly traded. Over 75% of RIS Shares on issue are held by the top three RIS Shareholders. The average daily volume of RIS Shares traded on ASX in the 12 month period to 22 December 2015 was 69,300. The average daily value of RIS Shares traded on ASX in the 12 month period to 22 December 2015 was \$8,969. In that period, the highest closing price, lowest closing price and VWAP of RIS Shares traded on ASX were as follows:

Low – \$0.081

High – \$0.200

VWAP – \$0.1294

Over the same period, Mercantile OFM and its Associates have acquired a total of 12,516,465 RIS Shares representing approximately 71.1% of RIS Shares traded in the 12 months to 22 December 2015. Over the four months to 22 December 2015 Mercantile OFM and its Associates acquired 12,016,465 RIS shares representing 77.7% of all RIS Shares traded in this period.

7.3. Mercantile OFM and its Associates' interests in RIS

As at the date of this Bidder's Statement, Mercantile OFM and its Associates had a Relevant Interest in 12,516,465 RIS Shares.

As at the date of this Bidder's Statement, Mercantile OFM had Voting Power of 19.9% in RIS.

The Relevant Interests of Mercantile OFM and its Associates in RIS as at the date of this Bidder's Statement are detailed below.

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder	Nature of relevant interest	Class and number of securities	Person's votes
Mercantile OFM	Mercantile	Mercantile	Has the power to control the exercise of voting rights attached to securities held by Mercantile and so has a relevant interest under section 608(1)(c) of the Corporations Act.	Ordinary Shares 12,516,465	12,516,465
Mercantile	Mercantile	Mercantile	Registered holder of securities	Ordinary Shares 12,516,465	12,516,465

Siblow Pty Limited has Voting Power of more than 20% in Mercantile and so has the same Relevant Interest in RIS Shares that Mercantile and Mercantile OFM has. Sir Ron Brierley controls Siblow Pty Limited and so he also has the same Relevant Interest in RIS Shares that Mercantile OFM and Mercantile has. Accordingly, each of Siblow Pty Limited and Sir Ron Brierley each have a Relevant Interest in 12,516,465 RIS Shares representing Voting Power of 19.9% in RIS.

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

7.4. No collateral benefits

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

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

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

7.5. No escalation agreements

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

7.6. Dealings in RIS Shares

In the 4 months prior to the date of the Offer none of Mercantile OFM or its Associates have dealt with RIS Shares other than as set out below:

Date of Transaction	Relevant Party	Details of Transaction	Consideration per share
8 July 2015	Mercantile	Bought 500,000	\$0.095
28 August 2015	Mercantile	Bought 9,920,638	\$0.110
18 December 2015	Mercantile	Bought 2,095,827	\$0.200

8. Additional Information

8.1. Material Contracts

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

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

8.2. Regulatory Approvals

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

8.3. Consents

Blue Ocean Equities has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as Introducing Financial Intermediary to the Offer in this Bidder's Statement in the form and context in which it is so named.

Pershing has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named in this Bidder's Statement in the form and context in which it is so named and the inclusion of the statement made by it set out in Annexure A.

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

Each of Blue Ocean Equities, Pershing and Watson Mangioni:

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

8.4. Other material information

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

8.5. Power to withdraw

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

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

8.6. Effect of withdrawal

This Offer is incapable of acceptance if withdrawn.

8.7. Extension of Offer Period

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

8.8. Variation

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

8.9. ASIC modifications and exemptions

This Bidder's Statement includes or is accompanied by statements that are made in, or based on, statements made in documents lodged with ASIC or ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement. A list of all such documents is set out in Section 3.7.

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

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

8.10. Costs and expenses

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

9. Definitions and Interpretation

9.1. Definitions

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

\$ Australian Dollars.

Announcement Date	The date on which the Offer was announced to ASX, namely 23 December 2015.
ASIC	Australian Securities & Investments Commission.
Associate	Has the same meaning given to that term in section 9 of the Corporations Act
ASTC	ASX Settlement Pty Limited (ABN 49 008 504 532) which administers CHESS in Australia in relation to relevant transactions.
ASX	ASX Limited (ABN 98 008 624 691).
Bidder's Statement	The contents of this booklet.
Blue Ocean Equities	Blue Ocean Equities Pty Limited (ABN 53 151 186 935), the Introducing Financial Intermediary to the Offer.
Broker	A person who is a share broker and is a participant in CHESS.
CGT	Capital gains tax.
CHESS	The Clearing House Electronic Subregister System which provides for the electronic transfer, settlement and registration of securities in Australia.
CHESS Holding	A holding of RIS Shares on the CHESS subregister of RIS.
controlled entity	Has the meaning given to that word in the Corporations Act.
Corporations Act	The Corporations Act 2001 (Cth).
Director	A director of Mercantile OFM.
Governmental Agency	Any government, semi-government, administrative, fiscal, judicial or regulatory body, department, commission, authority, tribunal, agency or entity.
GST	Goods and services tax.
Listing Rules	The listing rules of the ASX.
Mercantile	Mercantile Investment Company Limited (ACN 121 415 576).
Mercantile OFM	Mercantile OFM Pty Limited (ACN 120 221 623).
Offer	The offer to acquire RIS Shares which will be made on-market by Mercantile OFM, as set out in Section 1 of this Bidder's Statement.
Offer Period	The period for which the Offer remains open being the period from 7 January 2016 to 8 February 2016 unless extended or withdrawn in accordance with the Corporations Act.
Offer Price	\$0.20 per RIS Share.
Pershing	Pershing Securities Australia Pty Limited (ACN 136 184 962) (AFSL 338264).
Prescribed Occurrence	Any of the following events:

- (a) RIS converts all or any of its shares into a larger or smaller number of shares;
- (b) RIS or a Subsidiary of RIS resolves to reduce its share capital in any way;
- (c) RIS or a Subsidiary of RIS:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under Section 257C(1) or Section 257D(1) of the Corporations Act;
- (d) RIS or a Subsidiary of RIS issues shares (other than shares issued through the exercise of the outstanding options or conversion of the convertible unsecured notes, refer to Section 6.5), or grants an option over its shares or agrees to make such an issue or grant such an option;
- (e) RIS or a Subsidiary of RIS issues, or agrees to issue, convertible notes;
- (f) RIS or a Subsidiary of RIS disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) RIS or a Subsidiary of RIS charges, or agrees to charge, the whole or a substantial part, of its business or property;
- (h) RIS or a Subsidiary of RIS resolves that it be wound up;

Rights	All accretions, rights or benefits of whatever kind attaching to or arising from RIS Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared or paid by RIS or any of its Subsidiaries;
Relevant Interest	Has the meaning given in sections 608 and 609 of the Corporations Act.
RIS	Richfield International Limited (ACN 103 306 403).
RIS Share	A fully paid ordinary share in the capital of RIS.
RIS Shareholder	A registered holder of RIS Shares.
Security	Has the meaning given in Section 92 of the Corporations Act.
Trading Day	Has the meaning given in the ASX Listing Rules.
Voting Power	Has the same meaning given to that term in section 610 of the Corporations Act.
VWAP	Volume weighted average price.

9.2. Interpretation

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

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

10. Approval of Bidder's Statement

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

Dated 23 December 2015

Signed for and on behalf of Mercantile OFM Pty Limited



Gabriel Radzynski
Director

Annexure A
Announcement regarding Offer



23 December 2015

ASX ANNOUNCEMENT

ON-MARKET TAKEOVER OFFER FOR RICHFIELD INTERNATIONAL LIMITED AT \$0.20 PER SHARE

In accordance with section 6.1.1 of the ASX Market Integrity Rule (ASX Market) 2010, Pershing Securities Australia Pty Limited ACN 136 184 962 AFSL 338264 (**Pershing**) announces that Pershing will, on behalf of Mercantile OFM Pty Limited (ACN 120 221 623), a wholly owned subsidiary of Mercantile Investment Company Limited (ASX code: MVT), (**Mercantile OFM**) under section 635 of the Corporations Act 2001 (Cth) (the **Corporations Act**), offer to acquire on-market at \$0.20 per share (**Offer Price**) all of the fully paid ordinary shares in the capital of ASX-listed Richfield International Limited (ASX code: RIS) (**RIS**) that are listed for quotation on ASX that exist during the Offer Period (defined below) (**Offer**).

From the date of this announcement and ending at close of trading on ASX on 8 February 2015 (unless the Offer is withdrawn or extended in accordance with the Corporations Act), Pershing (on behalf of Mercantile OFM) will accept at the Offer Price every RIS share offered to Pershing on-market (**RIS Shares**) up to a maximum of 50,380,345 RIS in respect of the period to the start of the Offer Period.

Terms of the Offer

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

- it is an on-market, unconditional offer of \$0.20 per RIS Share;
- Pershing will purchase RIS Shares offered to Pershing for sale on-market at the Offer Price from today until the conclusion of the Offer Period; and
- the Offer Period may be extended and the Offer Price may be increased in accordance with the Corporations Act.

Settlement and brokerage

Payment for RIS Shares sold to Mercantile OFM under the Offer will be made on a T + 3 settlement basis in accordance with ASX Settlement Operating Rules.

Any brokerage charged by brokers acting for RIS shareholders selling their RIS Shares will be the sole responsibility of those RIS shareholders.

Acquisition from announcement

Mercantile OFM has appointed Blue Ocean Equities Pty Limited (ACN 151 186 926) (**Blue Ocean**) to act in the capacity of Introducing Financial Intermediary to the Offer. Blue Ocean has instructed Pershing as ASX Market Participant to purchase on-market during the official trading days of ASX (**Trading Days**) on behalf of Mercantile OFM all RIS Shares offered to it up to a maximum of 50,380,345 RIS Shares at the



Level 7, No. 1 Chifley Square, Sydney NSW 2000
www.pershing.com

Pershing Securities Australia Pty Ltd.
Member of ASX Group and Chi-X, AFSL No. 338264, ABN 60 136 184 962

Offer Price from the date and time of this announcement until the end of the Offer Period (as defined below).

Offer Period

Pershing will stand in the market on behalf of Mercantile OFM and accept RIS Shares offered to it at the Offer Price from the date and time of this announcement. However the Offer will be made during the period commencing 7 January 2015 (being the first trading day after the end of 14 days after the date of this announcement) and ending on 8 February 2016 (**Offer Period**), unless extended by Mercantile OFM under the Corporations Act.

Mercantile OFM reserves the right to withdraw unaccepted Offers in the circumstances permitted by Part 6.7 of the Corporations Act at any time before the end of the Offer Period.

Bidder's Statement

In accordance with section 635 of the Corporations Act, a Bidder's Statement will be served on RIS and lodged with each of the ASX and Australian Securities and Investments Commission today. A copy of the Bidder's Statement will also be sent to RIS shareholders before commencement of the Offer Period.

RIS Shares

The RIS Shares subject of the Offer are all fully paid ordinary shares in the capital of RIS, which are on issue at the date of the Bidder's Statement, and any other RIS Shares that are issued before the end of the Offer Period.

Immediately before making this announcement:

- Mercantile OFM is aware that there are currently 62,896,810 RIS Shares on issue, all of which are quoted on ASX; and
- Mercantile OFM and its associates have a relevant interest in 12,516,465 RIS Shares, which represent approximately 19.90% of the current issued capital of RIS.

Signed for and on behalf of Pershing Securities Australia Pty Limited.

Deane Sweeney
Company Secretary
Pershing Securities Australia Pty Limited