

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Emerchants Limited

ABN

93 104 757 904

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares (Share). |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 22,730,000 Shares. |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- | | | |
|---|---|--------------------------|
| 4 | <p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Yes.</p> |
| 5 | Issue price or consideration | <p>\$0.33 per Share.</p> |

+ See chapter 19 for defined terms.

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Shares issued to raise capital pursuant to a placement offer announced to ASX on 22 August 2013 (Placement). The Directors intend to utilise the proceeds from the Placement to fund: • IT capital expenditure – expanding network capacity and bandwidth to meet growing cardholder and transaction volumes; • Sales and marketing – business development hires to build a presence in New South Wales and Western Australia and provide additional capacity in the Queensland core market; marketing program to build brand and public awareness; investment in search engine optimisation to drive website traffic; engage lobbyists to build awareness with government agencies; • Product development – IT investment to enable emerchants to perform additional fee-generating functions; offer additional product features; fund legal and set-up costs in preparation for new market entry; development of mobile device applications; • Internal audit – enhance the internal audit function to exceed contractual probity requirements and meet world’s best practice financial controls and processes; • Working capital – emerchants continues to expend working capital in excess of revenues - provide additional balance sheet capacity and strength in support of larger sales opportunities; and • Offer costs
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes.
6b	The date the security holder resolution under rule 7.1A was passed	13 November 2012.

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

6c	Number of +securities issued without security holder approval under rule 7.1	120,000 fully paid ordinary shares issued on 6 August 2013 in escrow until 6 August 2015. 15,152,707 Shares issued under the Placement on 30 August 2013.
6d	Number of +securities issued with security holder approval under rule 7.1A	7,577,293.
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting).	N/A.
6f	Number of +securities issued under an exception in rule 7.2	N/A.
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Yes. Issue price of \$0.33 was 90.64% of the 15 day VWAP. 15 day VWAP to 21 August 2013 (last trading day prior to pricing of the Placement and announcing the trading halt) was \$0.364 based on a total volume of 946,910 and a total value of \$344,759.48. The issue date of the Shares will be 30 August 2013.
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements.	N/A. Shares were issued for cash.
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements.	Zero (0) remaining issue capacity under rule 7.1. 2,604,511 remaining issue capacity under rule 7.1A. Total: 2,604,511

+ See chapter 19 for defined terms.

7

+Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

30 August 2013.

8

Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)

Number	+Class
105,723,604	EML - Fully paid ordinary shares.
9,500,000	EML - Fully paid ordinary shares in escrow until 18.07.2014.
5,555,555	EML - Fully paid ordinary shares in escrow until 03.08.2014.
3,888,888	EML - Fully paid ordinary shares in escrow to 20.11.2014.
	(Total EML - 124,668,047)

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	
	4,800,000	\$1.45 options expiring 18.07.2014
	666,668	\$1.30 options expiring 01.06.2014.
	1,200,000	1.45 options expiring 18.07.2014.
	2,000,000	\$0.50 options expiring 05.01.2015 and vesting 02.01.2015.
	1,000,000	\$0.50 options expiring 04.02.2015 and vesting 01.02.2015.
	12,000,000	\$0.15 options expiring 30.09.2015 and vesting 21.09.2015.
	2,100,000	\$0.40 options expiring on 30.09.2016 and vesting on 1.09.2016.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	There is currently no dividend policy in place.
----	--	---

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A.
12	Is the issue renounceable or non-renounceable?	N/A.
13	Ratio in which the +securities will be offered	N/A.
14	+Class of +securities to which the offer relates	N/A.

+ See chapter 19 for defined terms.

15	+Record date to determine entitlements	N/A.
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A.
17	Policy for deciding entitlements in relation to fractions	N/A.
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A.
19	Closing date for receipt of acceptances or renunciations	N/A.
20	Names of any underwriters	N/A.
21	Amount of any underwriting fee or commission	N/A.
22	Names of any brokers to the issue	N/A.
23	Fee or commission payable to the broker to the issue	N/A.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A.
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A.
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A.

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- | | | |
|----|---|------|
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A. |
| 28 | Date rights trading will begin (if applicable) | N/A. |
| 29 | Date rights trading will end (if applicable) | N/A. |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker? | N/A. |
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A. |
| 32 | How do security holders dispose of their entitlements (except by sale through a broker)? | N/A. |
| 33 | ⁺ Issue date | N/A. |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
 (tick one)
- (a) ☒ ⁺Securities described in Part 1
- (b) ☐ All other ⁺securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of +securities for which +quotation is sought
- 39 +Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?
- If the additional +securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
-

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

41 Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)		
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	Number	+Class

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

+ See chapter 19 for defined terms.

- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:


(Company secretary)

Date: 26 August 2013

Print name: Yasmin Broughton

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	97,929,159 (includes 15,692,942 Shares issued under the rights issue on 26 July 2012 and 19,463,883 fully paid ordinary Shares issued on 3 August 2012 ratified by shareholders at the AGM on 13 November 2012)
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	- Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Nil. - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - 3,888,888 fully paid ordinary shares issued on 20 November 2012 as approved by shareholders at the AGM on 13 November 2012. - Number of partly paid +ordinary securities that became fully paid in that 12 month period – Nil.
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil.
“A”	101,818,047

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	15,272,707
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: - Under an exception in rule 7.2 - Under rule 7.1A - With security holder approval under rule 7.1 or rule 7.4 <i>Note:</i> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i>	The number of equity securities issued or agreed to be issued in the previous 12 month period <i>not counting</i> those issued under an exception in rules 7.2, 7.1A, or with security holder approval under rule 7.1 or rule 7.4 are set out below: 120,000 Shares issued on 6 August 2013. 15,272,707 Shares to be issued on 30 August 2013 pursuant the Placement. <i>Note:</i> Shareholder approval was obtained on 29 June 2011 under Listing Rule 7.2 exception 9 to establish an Employee Share Option Plan and within a 3 year period of that approval, securities issued pursuant to the Employee Share Option Plan will not count towards the 15% placement capacity under Listing Rule 7.1.
“C”	22,850,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	101,818,047 x 0.15 = 15,272,707
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	15,272,707
Total [“A” x 0.15] – “C”	15,272,707 – 15,272,707= Nil <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	101,818,047
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	10,181,804
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	The number of equity securities issued or agreed to be issued in the previous 12 month period under rule 7.1A are set out below: 1. 7,577,293 Shares to be issued on 30 August 2013 pursuant to the Placement.
“E”	7,577,293

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	10,181,804
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	7,577,293
Total [“A” x 0.10] – “E”	2,604,511 <i>[Note: this is the remaining placement capacity under rule 7.1A]</i>

+ See chapter 19 for defined terms.