

26 August 2013

ASX Market Announcements
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

EMERCHANTS COMPLETES \$7.5 MILLION CAPITAL RAISING

Emerchants Limited (**emerchants**) (**ASX:EML**) is pleased to announce the successful completion of a \$7.5 million placement to institutional and sophisticated investors of 22.7 million new shares at \$0.33 per share (**Placement**).

The Placement was significantly oversubscribed with support from existing and several new institutional investors. The capital raising facilitates an acceleration of sales, marketing and product development initiatives to take advantage of favourable market conditions. 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 merchants 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** – merchants 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.**

This is a significant milestone and achievement for the Company. merchants does not envisage needing to raise any further capital prior to becoming cash flow positive.

In commenting on the capital raising, Tom Cregan, Managing Director of merchants said:

"We appreciate the support of our existing major shareholders and are delighted to welcome a number of new investors to the merchants share register. The high level of interest in our business shows that institutional funds see the potential of the prepaid debit market and believe in our vision of creating a business and an industry that has a long and sustainable future."

"In 2012, we made a clear statement about our strategic direction and have spent the past year focused on product development, internal supporting functions such as Risk and Compliance, and securing cornerstone customers in key market segments. This additional capital allows us to ramp up our expansion efforts and to further invest in sales and marketing initiatives with a view to building future payment volumes."

The raising of \$7.5 million is also an affirmation of the confidence that the market has in emerchants and the Company's innovative prepaid debit solutions.

In FY13, emerchants signed many new key contracts, which further adds to an established and significant client base. Nimble, PAID International, The Salvation Army, Police Citizens Youth Club (QLD), Mercy Care (QLD), Church of Christ Care (QLD), and the Make-A-Wish Foundation all recognised the importance of emerchants' payment solutions, and are now among a key selection of charities and organisations to utilise this technology. Collectively, these contracts are underpinning the transition of the Company to a leader in the reloadable prepaid debit industry, servicing commercial entities, Not-For-Profits and the Government sector.

The Placement price of \$0.33 per share represents a discount of 7.0% to the closing price of emerchants shares on 21 August 2013 and a discount of 7.4% to the five-day volume weighted average price.

Wilson HTM Corporate Finance Ltd acted as sole Lead Manager to the Placement.

Settlement of the Placement is expected to occur on 29 August 2013, with Placement shares expected to commence trading on ASX on 30 August 2013.

ABOUT EMERCHANTS

Emerchants Limited (**emerchants**) is a payments solutions provider of prepaid financial card products and services in Australia. By using their proprietary Secure Account Management (SAM) system, the Company provides its clients with innovative financial service payment solutions for reloadable and non-reloadable pre-paid card programs. emerchants are able to adapt to meet the expense management and funds disbursement needs of any organisation. Their corporate expense, petty cash, per diem, social payments and staff rewards programs are easy to implement and reduce administration burden and costs. emerchants is focused on the twin goal of delivering high quality payment systems to its customers and superior returns to its shareholders.

For more information please visit: www.emerchants.com.au

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