

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

SHOPLY LIMITED

ABN

93 085 545 973

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 | Options to acquire fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1,900,000 |
| 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) | <p>The options were issued under the Company's Long Term Incentive Plan (LTIP) approved by shareholders on 12 December 2013. The principal terms of the options are as follows:</p> <ol style="list-style-type: none"> 1. Each option entitles the holder to subscribe for one fully paid ordinary share. 2. The exercise price for the options is as follows: <ol style="list-style-type: none"> a) 950,000 of the options are exercisable at \$0.025 per option (A Options); and b) 950,000 of the options are exercisable at \$0.045 per option (B Options). 3. The vesting and expiry dates of the options are as follows: |

+ See chapter 19 for defined terms.

a) Of the 950,000 A Options:

- i. Subject to satisfaction of vesting conditions in relation to the Company's FY15 performance, 316,666 A Options will vest on 1 July 2015 and be exercisable up until 1 July 2016;
- ii. Subject to satisfaction of vesting conditions in relation to the Company's FY16 performance, 316,667 will vest on 1 July 2016 and be exercisable up until 1 July 2017; and
- iii. Subject to satisfaction of vesting conditions in relation to the Company's FY17 performance, 316,667 will vest on 1 July 2017 and be exercisable up until 1 July 2018.

b) Of the 900,000 B Options:

- i. Subject to satisfaction of vesting conditions in relation to the Company's FY15 performance, 316,666 A Options will vest on 1 July 2015 and be exercisable up until 1 July 2016;
- ii. Subject to satisfaction of vesting conditions in relation to the Company's FY16 performance, 316,667 will vest on 1 July 2016 and be exercisable up until 1 July 2017; and
- iii. Subject to satisfaction of vesting conditions in relation to the Company's FY17 performance, 316,667 will vest on 1 July 2017 and be exercisable up until 1 July 2018.

4. The vesting conditions of the options are as follows:

The A Options and B Options will vest if the Company achieves targeted results during a financial year, which will be determined by the Board and the CEO at the commencement of each relevant financial year (**Performance Targets**).

The Company's FY15 Performance Targets to be achieved in order for 500,000 A Options and 500,000 B Options to vest are:

a) Revenue: \$21,000,000

	b) Margin: 18% c) Gross profit: \$3,780,000 d) Operating cost: \$3,200,000 e) Corporate costs: \$900,000 f) Net profit: -\$320,000 The Company's FY15 Performance Targets to be achieved in order for 450,000 A Options and 450,000 B Options to vest are: a) Revenue: \$16,000,000 b) Margin: 20% c) Gross profit: \$2,880,000 d) Operating cost: \$2,200,000 e) Net profit: \$680,000 The Board may, in its absolute discretion, determine that the Performance Targets for any relevant financial year have been met if the actual results are within a 15% margin of the Performance Targets.
4	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
5	Issue price or consideration
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)
6a	Is the entity an +eligible entity that has obtained security

No. The options will not be quoted and will not rank equally with any class of quoted securities. However, fully paid ordinary shares issued on exercise of the options will be quoted, and will rank equally with all other ordinary shares then on issue in the Company.

The options are issued for nil consideration.

The options are issued under the Company's LTIP, and are designed to provide incentives to employees and management of the Company who are integral to the operations and ongoing success of the Company. These incentives are designed to encourage greater productivity from directors and management and to better enable the Company to retain its management personnel in a highly competitive industry.

Yes

+ See chapter 19 for defined terms.

	holder approval under rule 7.1A? If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i> , and comply with section 6i	
6b	The date the security holder resolution under rule 7.1A was passed	12 December 2013
6c	Number of +securities issued without security holder approval under rule 7.1	N/A
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
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	1,900,000 options
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.	N/A
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
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	See Annexure 1
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.	27 May 2014

8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		400,788,927	Fully paid ordinary shares
		59,990,207	Class 2 Options (Options to acquire fully paid ordinary shares exercisable at \$0.035 on or before 31 July 2015)
		121,149,233	Class 1 Options (Options to acquire fully paid ordinary shares exercisable at \$0.015 on or before 30 June 2014)

9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		1,600,000	Unlisted options exercisable at \$0.10 on or before 30 April 2015
		1,000,000	Unlisted options exercisable at \$0.10 on or before 8 December 2015
		666,666	Unlisted options exercisable at \$0.015 at any time between 6 January 2015 and 6 January 2018
		666,667	Unlisted options exercisable at \$0.015 at any time between 6 January 2016 and 6 January 2019
		666,667	Unlisted options exercisable at \$0.015 at any time between 6 January 2017 and 6 January 2020
		666,666	Unlisted options exercisable at \$0.025 at any time between 6 January 2015 and 6 January 2018
		666,667	Unlisted options exercisable at \$0.025 at any time between 6 January 2016 and 6 January 2019
		666,667	Unlisted options exercisable at \$0.025 at any time between 6 January 2017 and 6

+ See chapter 19 for defined terms.

	January 2020
5,000,000	Unlisted options exercisable at \$0.02 on or before 31 December 2017
316,666	Unlisted options exercisable at \$0.025 on or before 1 July 2016
316,667	Unlisted options exercisable at \$0.025 on or before 1 July 2017
316,667	Unlisted options exercisable at \$0.025 on or before 1 July 2018
316,666	Unlisted options exercisable at \$0.045 on or before 1 July 2016
316,667	Unlisted options exercisable at \$0.045 on or before 1 July 2017
316,667	Unlisted options exercisable at \$0.045 on or before 1 July 2018

- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)
- | |
|--|
| The options do not carry a right to dividends; the underlying shares issued upon the exercise of the Options will carry the same rights to dividends as all other shares on issue. |
|--|

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
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

+ See chapter 19 for defined terms.

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
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

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

N/A

- 39 +Class of +securities for which quotation is sought

N/A

- 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

N/A

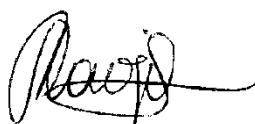
+ See chapter 19 for defined terms.

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)	N/A
----	---	-----

		Number	+Class
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	N/A	N/A

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.
- 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.



SOPHIE KARZIS
Company Secretary
27 May 2014

+ 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	207,901,921
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 <i>Note:</i> - 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	958,538 shares on 11 November 2013 31,185,288 shares on 15 October 2013 1,010,000 shares on 11 February 2014 10,469,208 shares on 7 March 2014 60,000,000 shares on 10 March 2014 25,786,346 shares on 17 March 2014 1,215,334 shares on 8 April 2014 60,000,000 shares on 9 April 2014 1,508,097 shares on 16 May 2014 754,195 shares on 27 May 2014
Subtract the number of fully paid ⁺ ordinary securities cancelled during that 12 month period	Nil
“A”	400,788,927
Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	60,118,339

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>	Nil
“C”	0
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>	60,118,339
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	0
Total [“A” x 0.15] – “C”	60,118,339 <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>	400,788,927
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	40,078,892
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 <i>Notes:</i> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • 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 • It may be useful to set out issues of securities on different dates as separate line items	Nil
“E”	0
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>	40,078,892
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	0
Total [“A” x 0.10] – “E”	40,078,892 <i>Note: this is the remaining placement capacity under rule 7.1A</i>