

3 May 2013

Adam Russo
Adviser, Listings Compliance (Perth)
ASX Compliance Pty Limited
Level 8 Exchange Plaza
2 The Esplanade
Perth WA 6000

By email: adam.russo@asx.com.au

Dear Adam,

EmERCHANTS Limited (the “Entity”) – ASX aware query

We refer to your letter dated 1 May 2013 regarding the Entity’s announcement entitled “EmERCHANTS Signs Agreement with First Stop Money” lodged with ASX Market Announcements Platform and released on Tuesday, 30 April 2013 (the “**Announcement**”) and respond to ASX’s queries as follows:

1. Does the Entity consider the information in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No. The Entity does not consider the information in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

2. If the answer to question 1 is “no”, please advise the basis for that view.

The Announcement does not refer to a materially significant agreement. As disclosed in the Announcement, the Entity expects the agreement to increase its dollar loads by 5% over the current run rate which is not a material amount.

The Entity notes that on 30 April 2013 (the day of the Announcement), its Managing Director, Mr Tom Cregan, presented at a seminar along with the CEO’s of 4 other ASX listed financial services companies with market capitalisation’s below \$300M. The meeting was attended by over 100 individuals from various institutions.

No mention was made at the meeting of any of the details in the Announcement. Nor was any information that has not been released to ASX disclosed at the seminar.

At the conclusion of the seminar there was some buying interest from those that attended the seminar. The bid on the Entity’s shares had been \$0.24 for several days prior to the date of the seminar and the Announcement, and the sale price rose to the bid level resulting in the substantial increase in the Entity’s share price. The Entity also advises that the volume of trades on the date of the Announcement was low.

3. If the answer to question 1 is “yes”, when did the Entity first become aware of the information in the Announcement?

Not applicable.

4. If the answer to question 1 is “yes” and the Entity first became aware of the information before the relevant date, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.

Not applicable.

5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

The Entity confirms that it is in compliance with the Listing Rules, in particular, Listing Rule 3.1.

Yours sincerely

A handwritten signature in black ink, appearing to be 'YB' with a large flourish extending to the left.

Yasmin Broughton
General Counsel & Company Secretary



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1 May 2013

Ms Yasmin Broughton
Company Secretary
Emerchants Limited
Suite A11, First Floor, 435 Roberts Road
SUBIACO WA 6008

By email: ybroughton@emerchants.com.au

Dear Ms Broughton

Emerchants Limited (the "Entity"): ASX aware query

ASX Limited ("ASX") refers to the following:

1. The Entity's announcement entitled "Emerchants Signs Agreement with First Stop Money" lodged with ASX Market Announcements Platform and released at 3:41 pm (EST) on Tuesday, 30 April 2013 (the "Announcement"), disclosing the Entity signing a 3 year agreement with First Stop Money Ltd ("First Stop Money") under which the Entity will be providing First Stop Money with a fully reloadable Visa prepaid debit card for First Stop Money's 'Cash Train' brand customers; and
2. The significant price movement in the Entity's share price from a close of 20 cents on 29 April 2013 to a high of 24.5 cents on 30 April 2013.
3. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
4. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

5. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*

- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
 - *The information is generated for the internal management purposes of the entity; or*
 - *The information is a trade secret; and*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A.3 *A reasonable person would not expect the information to be disclosed."*
6. ASX's policy position on the concept of "confidentiality" which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "Listing Rule 3.1A.2 – the requirement for information to be confidential"*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Entity consider the information in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. If the answer to question 1 is "yes", when did the Entity first become aware of the information in the Announcement?
4. If the answer to question 1 is "yes" and the Entity first became aware of the information before the relevant date, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay.
5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **5:00 pm (WST) Friday, 3 May 2013**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at adam.russo@asx.com.au or by facsimile to (08) 9221 2020. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately on (08) 9224 0052.

Yours sincerely

[Sent electronically without signature]

Adam Russo
Adviser, Listings Compliance (Perth)